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*Tariff
Board*

Report by
THE TARIFF BOARD

Pursuant to the Inquiry Ordered
by the Minister of Finance
respecting

★

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Reference No. 147



Report by
THE TARIFF BOARD

Pursuant to the Inquiry Ordered
by the Minister of Finance
respecting

PHOTOGRAPHIC EQUIPMENT

Reference No. 147

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W.T. Dauphinee
René Labelle, Q.C.
A.C. Kilbank

ECONOMISTS

H.D. McCree
M. Rachlis

* Messrs. L.C. Audette, Q.C., G.A. Elliott, Léo Gervais, and A.DeB. McPhillips, originally members of the panel for this inquiry, are no longer members of the Tariff Board.

The Honourable
The Minister of Finance
Ottawa.

Dear Mr. Minister:

I refer to the Honourable E.J. Benson's letter of March 16, 1970, addressed to Mr. L.C. Audette, former Chairman of the Tariff Board, directing the Tariff Board to make a study of and report on a number of tariff items relating to photographic equipment.

I now have the honour to transmit the Report of the Board in English and in French. A copy of the transcript of the proceedings at the public hearing accompanies this Report.

Yours sincerely,

W. P. Carruthers,
Chairman

Explanation of Symbols Used

- Denotes zero or none reported
- .. Indicates that figures are not available
- * Indicates a reported figure which disappears on rounding, or is negligible

The sum of the figures in a table may differ from the total, owing to rounding

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Companies and Agencies Which Made Representations

A public hearing was held at Ottawa on November 23, 24, 25, 26, 27 and 30 and December 1 and 2, 1970.

Representations for the hearing were received from the following:

- Canadian Photographic Trade Association
- Bell & Howell Canada Ltd.
- Canadian Kodak Co. Limited, now Kodak Canada Ltd.
- Berkey Photo (Canada) Limited
- * Technolux Products Ltd.
- * Powertronic Equipment Limited
- Canadian General Electric Company Limited
- * Brevel Products Limited
- The Society of the Plastics Industry of Canada
- * Canadian Battery Manufacturers' Association
- * Union Carbide Canada Limited
- W. Carsen Co. Ltd.
- * Hanimex (Canada) Limited
- The Powers Regulator Company of Canada Limited
- * Kreonite Inc.
- Professional Photographers of Canada (1970) Inc.
- * Toronto Star Limited
- The Canadian Association of Broadcasters
- Eastern Sound Company Limited
- * Canadian Film Editors Guild
- Canadian Cable Television Association
- Canadian Business Equipment Manufacturers Association Inc.
- Tecnifax (Canada) Ltd., now Scott Graphics Limited

- * Not represented at the hearing when submission presented.

LETTER OF REFERENCE

Ottawa 4,
March 16, 1970.

Mr. L.C. Audette,
Chairman,
The Tariff Board,
219 Argyle Avenue,
Ottawa, Ontario.

Dear Mr. Audette:

I have received representations to the effect that the provisions of the Customs Tariff relating to equipment used by the photographic industry have become out of date. It has been suggested that these provisions be revised to take account of developments which have taken place within the last few years.

I therefore direct the Board to make a study and report under Section 4(2) of the Tariff Board Act on the following tariff items in Schedule "A" of the Customs Tariff:

46200-2	46230-1	46300-1
46205-1	46235-1	46305-1
46210-1	46240-1	46310-1
46215-1	46241-1	46315-1
46220-1	46245-1	46320-1
46225-1	46255-1	46325-1
		46330-1

The Board should include in its study tariff item 46200-1 in so far as it relates to photographic equipment, and such other items as the Board may consider relevant to its enquiry.

If the Board's study should indicate that amendments to the Customs Tariff are desirable, I would request that the Board prepare a revised schedule of tariff items, with recommendations as to rates of duty.

I would ask that the Board submit its recommendations as soon as possible.

Yours sincerely,

E. J. Benson,
Minister of Finance.

CHAPTER 1: INTRODUCTION AND OVERVIEW

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CHAPTER 1: INTRODUCTION AND OVERVIEW

SCOPE OF THE REFERENCE

In the letter of reference to the Board, the Minister of Finance noted that he had received representations to the effect that the existing tariff items relating to photographic equipment had become out of date. He directed the Tariff Board to make a study of the tariff items which he specified in his letter and such other items as it might consider relevant to its inquiry, and requested that the Board prepare a revised schedule of items, with recommendations as to rates of duty, should its study indicate that this was desirable.

The tariff items which were listed in the Minister's letter cover still and motion picture cameras and projectors, photographic lighting equipment, electronic flash apparatus, photocopying equipment, microfilm, blueprint and whiteprint equipment, equipment for processing all kinds of sensitized materials, lenses and optical equipment, a great variety of accessories and ancillary equipment and, to the extent covered by item 46245-1, sound equipment used in the production of motion pictures and by television stations. The items specifically referred to the Board also include replacement parts, and unfinished, finished and complete parts for use in the manufacture of the photographic equipment mentioned above.

During the course of the inquiry, it came to the Board's attention that products admissible under certain circumstances under tariff items specifically listed in the Minister's letter were also dutiable under tariff items not specifically referred; proposals were made to the Board regardless of the current classification. Requests were also received that consideration be given to other equipment used in photography which is classified under tariff items not specifically included in the Reference. In its recommendations, the Board has taken account of these proposals and requests.

The Board's recommendations as to nomenclature or rates, or both, affect the coverage of a number of tariff items not specifically referred to the Board. The present wording and rates of these items would not be changed by the Board's recommendations, but certain products would be withdrawn from the coverage of the tariff items in question. The Board therefore indicates that, to the extent they are so affected, it has included in the Reference the following tariff items not specifically referred to it: 40123-1, 42700-1, 43910-1, 44516-1, 44524-1, 44536-1, 44537-1, 44538-1, 44540-1, 61300-1, 62300-1 and 93907-1. The Board has also included in the Reference, to the extent that their coverage will be altered, a number of other tariff items, generally known as basket items, which provide for unspecified manufactures of various materials such as metals, wood or textiles.

Some of the goods covered by the tariff items specifically referred to the Board are also classified under other tariff items when imported by certain qualified end-users: for example, the photographic apparatus used by printers is covered by tariff items 41205-1

and 41220-1; photographic equipment imported for educational and other purposes, by qualified institutions, when of a class or kind not made in Canada, is provided for in tariff item 69605-1 and 69610-1.

The items referred to the Board do not include X-ray apparatus, covered by item 47600-1, nor do they include sensitized materials or exposed, processed films other than the slides and filmstrips covered by item 46300-1.

The great variety of goods covered by the 20 items specifically referred to the Board indicates the broad scope of Reference 147. It includes many different kinds of products and apparatus, of varying complexity of design and sophistication, intended for many different uses and produced by different kinds of manufacturing establishments. Many of the items also include parts for manufacture and replacement.

The equipment within the terms of this Reference is used for both recreational and professional purposes and involves the interests of large groups of individuals as well as of institutions, commercial enterprises and others. Some of the professional and commercial equipment is used for the reproduction of business documents, for copying publications and books, and for microfilming computer output, and affects the interests of research organizations and the business community; some is used extensively by the motion picture, television and cablevision industries.

The Tariff Items Involved

The tariff items specifically referred to the Board are reproduced below, as they appeared in the Customs Tariff in January 1973. Items which are bound under the General Agreement on Tariffs and Trade (GATT) are indicated by an asterisk (*). Tariff rates which are bound under the GATT can be changed only after negotiations with the countries affected by the change. It should be noted that tariff item 46200-1, which has served as the residual or "basket" item of the photographic schedule, was referred to the Board only in so far as it relates to photographic equipment.

Tariff Item 46200-1

Instruments for observation, measurement, experimentation or demonstration in respect of natural phenomena, n.o.p.; photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; parts of all the foregoing

2½ p.c., B.P.

15 p.c., M.F.N.

30 p.c., General

GATT Tariff Item 46200-2*

Electronic flash apparatus designed to be hand held or mounted on hand cameras, including self-contained, battery operated power supplies for use therewith, and parts of the foregoing

10 p.c., M.F.N.

Tariff Item 46205-1*

Cameras, n.o.p., of a class or kind made in Canada;
complete parts thereof

7½ p.c., B.P. 15 p.c., M.F.N. 30 p.c., General

Tariff Item 46210-1*

Cameras, n.o.p., of a class or kind not made in Canada;
complete parts thereof

5 p.c., B.P. 15 p.c., M.F.N. 30 p.c., General

Tariff Item 46215-1*

Cameras and parts thereof for making negatives or positives
three and one-quarter inches by four and one-quarter inches
or larger, including carrying cases therefor

Free, B.P. Free, M.F.N. 10 p.c., General

Tariff Item 46220-1*

Cinematograph and motion picture cameras and camera blimps
for use by professional motion picture producers having
studios in Canada equipped for motion picture production;
parts of the foregoing

Free, B.P. Free, M.F.N. 15 p.c., General

Tariff Item 46225-1*

Lenses, shutters, and parts thereof, for use in the
manufacture of cameras

Free, B.P. Free, M.F.N. 30 p.c., General

Tariff Item 46230-1*

Parts, unfinished, for use in the manufacture of cameras

Free, B.P. Free, M.F.N. 7½ p.c., General

Tariff Item 46235-1*

Accessories for cameras, namely: Backgrounds; Colour
filters and holders; Diffusion discs and holders; Exposure
meters; Flash guns; Flash tubes for high-speed flash
apparatus; Lantern slide attachments; Lens hoods; Polar-
izing screens and holders; Range finders; Stands; Tripods
and tripod tops; Vignettters; Parts of all the foregoing

Free, B.P. Free, M.F.N. 10 p.c., General

Tariff Item 46240-1*

Photographic equipment, namely: Densitometers; Ferro-type plates; Film or paper processors for photo-finishing; Film or print driers; Mounting presses; Negative or sheet-film hangers; Print straighteners; Print washers; Printers, contact; Printers, projection, commonly known as enlargers, for negatives or positives four inches by five inches and larger; Printers, power driven, for photo-finishing; Tanks or trays for negative and positive processing; Temperature controls or heaters for photographic solution; Timing devices; Parts of all the foregoing

Free, B.P. Free, M.F.N. 10 p.c., General

Tariff Item 46241-1

Microfilm reader-printers and parts thereof

Free, B.P. Free, M.F.N. 10 p.c., General

Tariff Item 46245-1*

Optical and magnetic sound equipment; Dollies, or other mobile mounting units for motion picture cameras; Booms, without wiring, for use with microphones; Motion picture editing equipment, namely: film editing machines, film splicers, film synchronizers, film viewers, rewinds; Parts of the foregoing;

All the foregoing when for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production

Free, B.P. Free, M.F.N. 15 p.c., General

Tariff Item 46255-1

Rangefinders, flash apparatus, exposure meters, and parts thereof for use in the manufacture of cameras

Free, B.P. Free, M.F.N. 10 p.c., General

(Expires 30th June, 1973)**

Tariff Item 46300-1*

Still picture projectors, and slides and film strips therefor, n.o.p.

Free, B.P. 15 p.c., M.F.N. 25 p.c., General

Tariff Item 46305-1*

Motion picture projectors, arc lamps for motion picture work, motion picture or theatrical spot lights, light effect machines, portable motion picture projectors with or without sound equipment; electric rectifiers or generators designed for use with motion picture projectors; parts of all the foregoing, not including electric light bulbs, tubes, or exciter lamps

Free, B.P. 15 p.c., M.F.N. 35 p.c., General

Tariff Item 46310-1

Still picture projectors combined with sound equipment

10 p.c., B.P. 15 p.c., M.F.N. 30 p.c., General

Tariff Item 46315-1*

Motion and still picture screens

Free, B.P. 10 p.c., M.F.N. 35 p.c., General

Tariff Item 46320-1

Lenses, shutters, and parts thereof, for use in the manufacture of still and motion picture projectors

Free, B.P. 10 p.c., M.F.N. 35 p.c., General

GATT 7½ p.c., M.F.N.

Tariff Item 46325-1

Parts, not including electric motors, light bulbs, tubes, or exciter lamps, for use in the manufacture of still and motion picture projectors, with or without sound equipment

Free, B.P. 7½ p.c., M.F.N. 30 p.c., General

(Expires 30th June, 1973)**

Tariff Item 46330-1

Electric motors for use in the manufacture of still and motion picture projectors with or without sound equipment

15 p.c., B.P. 15 p.c., M.F.N. 37½ p.c., General

(Expires 31st January, 1974)**

** These three tariff items have been continued. The M.F.N. rate under tariff item 46325-1 was reduced to Free, May 8, 1973. Present expiry dates are: tariff item 46255-1 — October 31, 1975; tariff items 46325-1 and 46330-1 — February 28, 1975.

TEMPORARY TARIFF REDUCTIONS

Budget of February 1973

In the Budget brought down on February 19, 1973, the Minister of Finance proposed temporary reductions in the rates of duty applicable under a number of tariff items. These reductions, effective from February 20th, applied to five items specifically referred to the Board, covering mainly cameras and projectors. The M.F.N. rates under tariff items 46205-1, 46210-1, 46300-1, 46305-1 and 46310-1, were reduced from 15 p.c. to 10 p.c.; rates under the B.P. and General Tariffs were unchanged. In his speech, the Minister stated:

"The government is now recommending to parliament temporary cuts in the tariffs on a wide range of consumer products. ...

"In choosing the products that would be subject to these tariff reductions, and in deciding how large the reductions should be, every effort has been made to avoid any adverse impact on production and employment in our factories ... across Canada. At the same time, we wished to ensure that the tariff reductions would be sufficiently broad in scope, and of sufficient magnitude to have a significant effect in dampening the upward pressure on consumer prices. ...

"... The economic impact must be judged not just by the reduction of charges on imports, but by the effect of such reductions in moderating prices charged by Canadian producers and distributors.

"Hon. members will note that I am proposing that these tariff cuts remain in force for an initial period of one year. The reduction will be reviewed thoroughly before the measure expires. Furthermore, we are seeking parliamentary authority to delete items from this special list at any time during the course of the year should circumstances warrant such action."⁽¹⁾

On January 10, 1974, the Minister of Finance announced his intention to extend until June 30, 1974 the temporary reductions under these five items. In the Budget of May 6, 1974, it was proposed to extend them again, to December 31, 1974. However, as a result of the defeat of this Budget in the House of Commons, the temporary reductions lapsed on June 30, 1974. Because of the temporary nature of the reductions, this Report is based on the rates in effect prior to February 20, 1973 and since July 1, 1974. These rates are referred to throughout the Report as the "existing rates" of duty. The Board's recommendations relate to these rates.

Orders in Council

Other temporary tariff reductions relevant to this Reference were effected by two Orders in Council, P.C. 1972-2494 and P.C. 1973-1046. The former dated October, 1972, as amended, concerns videotape recorders used by cable television companies, and is reproduced below. The latter, dated May 8, 1973, relates to the rates of duty for

⁽¹⁾ House of Commons Debates, February 19, 1973, p. 1432

certain parts used in the manufacture of still and motion picture projectors; by this Order in Council the M.F.N. rate of duty under tariff item 46325-1 was reduced from $7\frac{1}{2}$ p.c. to Free, effective May 8, 1973.

P.C. 1972-2494, which relates to videotape recorders and covers the period May 1, 1969, to June 30, 1973, is worded, in part, as follows.

"	Short Title
---	-------------

1. This Order may be cited as the Cable Television Companies Remission Order.

Remission

2. Remission is hereby granted of all Customs duties paid or payable under the Customs Tariff on video tape recorders imported during the period commencing May 1, 1969 and ending June 30, 1973 for use exclusively by cable television companies.

3. Remission is hereby granted of the sales tax paid or payable under the Excise Tax Act on video tape recorders on which Customs duties are remitted by section 2 in an amount equal to the amount of the difference between the sales tax calculated on the duty-paid value of the recorders and the sales tax calculated on the value for duty of the recorders."

The Order has been twice extended and now expires on June 30, 1975.

This Report is based on the rates of duty and the administrative procedures in effect prior to the effective dates of the above Orders in Council.

ORGANIZATION OF THE REPORT

As will be seen from the table of contents, the five Chapters which follow deal with conventional ⁽¹⁾ photographic equipment, Chapter 7 covers photocopy, microfilm and blueprint equipment, and Chapter 8 deals with broad, general tariff issues. Each of Chapters 2 to 7, inclusive, incorporates a discussion of the relevant tariff considerations. Chapters 9 and 10 contain the Board's conclusions and its recommendations to the Minister. There are four appendices. The first two relate the tariff schedule recommended by the Board to the existing Customs Tariff. The third appendix is statistical and the fourth gives the history of the tariff items specifically referred to the Board.

Equipment which is generally similar in construction and design is dealt with in the same Chapter or sub-Chapter of the Report. However, because of the lack of detailed statistics, a large variety of different kinds of processing equipment, and ancillary equipment and accessories are considered, together, in Chapter 5. Also, the problems and issues concerning the many kinds of equipment used in the production of motion pictures in Canada warranted the separate consideration given these matters in Chapter 6.

(1) For purposes of this Report, photocopy, microfilm, and blueprint equipment is described as "non-conventional" photographic equipment

References are made throughout the Report to the briefs and evidence presented at the public hearing held by the Board and to the written submissions placed before the Board, by various companies and industry associations. Most of these presentations applied to practically all of the goods falling within the terms of this Reference.

Because of the very large number of different kinds of products involved and the lack of published or even confidential data, it proved impossible to study individual products in depth.

STATISTICAL PROBLEMS AND PROCEDURES

The published data available are quite limited, mainly because a relatively small number of companies produce a large proportion of the total output of photographic equipment, both nationally and internationally. However, confidentiality is only part of the problem; in some cases companies do not have and cannot produce information, confidential or otherwise, in the form required. In addition, the published foreign trade statistics often lack detail or cannot be aggregated because of differences in presentation.

To help meet these problems, and for its own internal use, the Board acquired information through the co-operation of various firms operating in Canada. These data were acquired in confidence in accordance with the provisions of the Tariff Board Act. Where aggregation was possible without revealing the operations of individual companies, the data are published in the Report. In many instances, however, the dominance of individual companies, or the small number of firms, prevented publication of data used by the Board in its deliberations.

International trade and other statistics, and published surveys of the United States market, coupled with other information acquired from a variety of sources, were the basis of the estimates used in the Report regarding some of the principal kinds of photographic equipment. These estimates are not intended to be more than approximations and should be regarded as providing only the broad orders of magnitude involved.

The import statistics used in this Report are classified in two ways; firstly, in the commodity classes which include similar goods, for example, still picture cameras; secondly, according to the tariff item under which the goods were classified for customs purposes. Because a tariff item may apply to a variety of goods, these two methods of classification do not correspond except in a general way. For example, Table 1-2 is based on the distribution of imports by commodity class, and Table 1-3 on the distribution by tariff item. The import statistics published by Statistics Canada are classified according to the commodity classes used in Table 1-2 and, generally, throughout the Report.

The import statistics published by Statistics Canada are in terms of Canadian dollars and required no adjustment. Whenever reference is made in this Report to the trade statistics published by other countries, the values given in Canadian dollars were converted according to the rates of exchange published by the Bank of Canada.

Except when noted otherwise, the value of imports given in the Report is as published by Statistics Canada, that is in terms of the value for duty, f.o.b. country of origin. However, in order to make comparisons at certain levels of trade, the value for duty of imports was converted to the approximate corresponding value of the goods at the manufacturer, distributor, or retail levels in Canada. To make these conversions, the landed cost of imports, duty paid, was taken to be equivalent to the manufacturer level, with four per cent of the value for duty being taken to be the cost of freight, insurance and customs brokerage; a mark-up of 33.3 per cent was assumed at the distributor level and of 37.5 per cent at the retail level. These percentages are averages based on information supplied to the Board by a number of importers, distributors, and dealers. The mark-up at retail would ordinarily be 50 per cent or more, but was taken to be 37.5 per cent to allow for discounts and for sales at reduced prices.

For a very large proportion of the value of photographic equipment assembled in Canada, the competition with imported goods is at the retail level. As a result, several comparisons are made to illustrate the effect of the duty and the various mark-ups on retail selling prices. In some instances comparisons of selling prices f.o.b. Canadian plant with the comparable laid-down costs of imported equipment appeared relevant and were calculated.

It should be noted that the two principal manufacturers of photographic equipment in Canada, Bell & Howell Canada Ltd. (Bell & Howell) and Kodak Canada Ltd. (Kodak Canada), act as the distributors of the equipment which they assemble in Canada. As a result, wherever the price f.o.b. plant of equipment assembled by these two companies is given in the Report, it is an estimated price based on the mark-ups noted above.

Comparisons are made in the Report of the cash costs and cash benefits of the duties which apply to certain kinds of photographic equipment. In the case of imported equipment, these costs and benefits were calculated by applying the average mark-ups of distributors and retailers to the estimated landed cost of imported equipment inclusive of duty (if applicable), federal sales tax, freight, insurance, and brokerage, and comparing the costs with and without the inclusion of the duty. In the case of photographic equipment assembled in Canada it was assumed that Canadian manufacturers and dealers would take full advantage of the existing tariff protection in pricing these goods.

THE DOMESTIC MARKET

Size of the Domestic Market

The Canadian market for photographic equipment is one of the largest in the world. During the period 1969 to 1971, its size is estimated at more than \$150 million per year, valued at the distributor level; at retail it would exceed \$180 million. Most of this demand, nearly 90 per cent of the total, is supplied by imports. Domestic production consists, almost entirely, of still and motion picture cameras and projectors, and lenses manufactured mainly for export.

The estimated size of the Canadian market is set out in Table 1-1. The products included in the table do not correspond strictly to those covered in this Reference. Thus, mechanically-ignited flashcubes are included even though they are consumable supplies rather than equipment. Estimates of the value of sales of such flashcubes are combined with the value of sound control equipment in the figures for "Total Conventional" equipment, for reasons of confidentiality.

As will be seen, photocopy equipment accounts for a large proportion of the imports of all photographic equipment and for a very large proportion of the combined value of imports of photocopy, microfilm and blueprint equipment. Most photocopy equipment is not purchased by users, but is rented, frequently on the basis of a specified cost per copy. Because this type of equipment is rarely sold except to a leasing agency, an arbitrary mark-up of 33.3 per cent was applied to the value of imports of photocopy equipment, for purposes of inclusion in Table 1-1; the resulting value would be the approximate selling price of such equipment at the wholesale level of trade.

Table 1-1: The Estimated Canadian Market for Photographic Equipment, Valued at the Distributor Level, Including Federal Sales Tax Where Applicable, Annual Averages, 1969-71

	Domestic ^(a)		Total	Imports as
	<u>Production</u>	<u>Imports</u>	<u>Supply</u>	<u>Percentage</u>
	-	million dollars	-	of Market
				per cent
<u>Conventional Equipment</u>				
Still and motion picture cameras and projectors	12.3	38.8	51.2	75.9
Parts of cameras and projectors for manufacture	0.4	6.6	7.0	94.8
Processing equipment	..	14.4	14.4	100.0
Ancillary equipment, accessories & miscellaneous	2.0 ^(b)	22.6	24.7 ^(c)	91.7
Total Conventional	19.3 ^(c)	83.9	96.6 ^(c)	80.1
<u>Non-conventional Equipment</u>				
Photocopiers	-	48.8	48.8	100.0
Microfilm and blueprint equipment ^(d)	-	6.8	6.8	100.0
Total Non-conventional	-	55.6	55.6	100.0
Total Photographic Equipment	19.3	139.6	152.2	87.4

(a) Rough approximations only

(b) Excludes Canadian-made lenses which are exported, valued at \$1.15 million per year, 1969-71

(c) Excludes parts for manufacture

(d) Average of 1970 and 1971, only

Source: Tariff Board estimates derived from Statistics Canada and other sources

It is important to note that the Canadian production figures shown in the table are rough approximations derived by subtracting the identifiable imports from the estimated total market value of the different kinds of equipment. With the exception of lenses, exports are generally negligible and, therefore, the total market demand for equipment other than lenses would be very little different from the figures given under "Total Supply". For uniformity of presentation, exports of lenses are given in a footnote to the table and are excluded from the value of the total supply of accessories.

About 95 per cent of the \$7.0 million estimated value of parts and components for manufacture and replacement appears to be imported. The estimated value of parts for manufacture accounts for about 70 per cent of the total value of identifiable parts. In the table, the value of parts for manufacture includes duty but excludes federal sales tax and mark-ups at wholesale and retail.

Although the estimates in Table 1-1 lack precision, it is apparent that the Canadian market for conventional photographic equipment, estimated at about \$97 million per year, is very large, as also is the size of the market for non-conventional equipment of some \$56 million. Although the total estimated demand is more than \$150 million per year, at the distributor level, and appears to be increasing at a fairly rapid rate, 80 per cent of the estimated value of conventional equipment, and nearly 100 per cent of the value of non-conventional equipment, is imported. Canadian production supplies a substantial proportion only of the market value of still and motion picture projectors.

A large proportion of the equipment included in Table 1-1 is sold at retail, at mark-ups ranging from 40 to 60 per cent or more. If retail mark-ups were added to the value of goods usually sold at retail, the total estimated demand for photographic equipment would exceed \$180 million per year, 1969 to 1971 and currently, would be more than \$225 million.

Although existing models of photographic equipment are modified from time to time, the "model-year" concept is not of significant importance in relation to photographic equipment and a particular model may remain essentially unchanged for several years. The important changes in production, and hence in marketing patterns and volume of sales are associated with the introduction of major innovations or technological advances, for example the incorporation of electronic controls in still cameras, the introduction of in-camera instant development, of cassette-loading cameras, of mechanically-ignited flash cubes, and of relatively low-cost synchronized sound equipment for motion picture cameras and projectors.

Seasonality

Sales of conventional photographic equipment, particularly of the kinds sold to hobbyists, are subject to very large seasonal fluctuations. This seasonality is related to occasions such as graduations, summer vacations and Christmas. According to surveys of the United States market, the two peak months of sales are June and December; the volume of sales appears to be much larger in December than in any other month of the year.

Although there would be a lag between the time that imports of photographic equipment were reported and when they were sold, the import data provide the only available indicator of seasonality. The data indicate that imports of photographic equipment are largest in the last four months of the year. For example, imports of still picture cameras, in September, are more than $3\frac{1}{2}$ times as large as in January, the annual low for imports.

Seasonality of demand was not represented to the Board as posing any special problems for the photographic equipment industry.

Elasticity of Demand and Growth Estimates

Cameras, projectors and other photographic consumer durables would be expected to have a relatively high elasticity of demand. A recent study⁽¹⁾ for the Economic Council of Canada indicates an income elasticity of demand of about 1.75 for recreational durables. Although the lack of sufficiently detailed data prevented its author from determining the income elasticity for photographic consumer durables, it is probable that the consumption elasticities for these would be as high as for recreational durables, as a group. Thus, an increase of one per cent in per capita personal expenditures might result in an increase of 1.75 per cent or more in consumer expenditures on cameras, projectors and other photographic consumer durables; conversely, a decrease of one per cent in per capita personal expenditures might result in a decrease of 1.75 per cent or more in consumer expenditures on photographic consumer durables.

Applying other results of the same study to conventional photographic equipment suggests an increase in aggregate Canadian expenditures on photographic equipment of more than 50 per cent between 1969 and 1975, based on the Council's expectations concerning the growth of per capita personal expenditures. For sales of conventional photographic equipment, that is, excluding photocopy, microfilm and blueprint equipment, such an increase would mean a market value, at the distributor level, of about \$145 million in 1975 compared with the annual average of \$97 million estimated for the period 1969 to 1971. The market for photocopy and microfilm equipment is expected to increase more rapidly than sales of conventional equipment, suggesting a market for non-conventional equipment of about \$85 million in 1975, compared with estimated sales, 1969 to 1971, of about \$56 million per year.

DOMESTIC PRODUCTION

Canadian production of photographic equipment consists, almost entirely, of relatively low-priced still and motion picture cameras, of still projectors, of 8 mm. and 16 mm. motion picture projectors, and of high quality lenses produced mainly for export. There is also some production of sound control equipment for use in the production of motion pictures, of slide magazines and a very small output of a small number of items of processing and lighting equipment, an inexpensive plastic viewfinder lens, and a few other products.

(1) T.T. Schweitzer, Personal Consumer Expenditures in Canada, Staff Study No. 26, Economic Council of Canada, 1970. The author selected "total consumer expenditures in constant dollars" as the most suitable approximation to "normal" or "permanent" income.

As shown in Table 1-1, the estimated annual value of domestic production, over the three-year period 1969 to 1971, is about \$19 million, including mechanically-ignited flashcubes, but not other photographic lamps or cubes. Mechanically-ignited flashcubes are the only photographic lamps or cubes classified under a tariff item specifically referred to the Board.

Assembly in Canada of an inexpensive microfiche reader commenced late in 1972. Assembly of two models of photocopiers is planned for 1974.

The cameras, projectors and microfiche readers are produced almost exclusively from imported finished parts and sub-assemblies; few requirements are met from domestic sources. The same "assembly lines" are normally used to produce the different products and models of photographic equipment.

Virtually the entire domestic demand for the more expensive precision cameras, for some types of projectors, for accessories of all kinds, processing equipment, specialized equipment for the motion picture industry, photocopying, microfilm and blueprint apparatus, and for most of the components, parts and assemblies used by Canadian manufacturers, is supplied by imports.

Employment

Because Canadian production is limited to a small number of products and the major producers of photographic equipment are, essentially, assemblers of finished imported parts and components, the production of photographic equipment generates relatively little direct employment in Canada. Figures submitted at the public hearing by the major producers of cameras and projectors indicated that they employ less than 300 people in the production and assembly of these goods. The producer of lenses employs more than 200 people, but this production includes a substantial output of goods not included in this Reference; this is also true of the some 200 Canadians who are employed by the manufacturers of sound control equipment. The other producers are firms which are either very small or else are engaged, principally, in the production of goods other than the photographic equipment under consideration by the Board. (These producers include companies such as La Belle Industries (Canada) Limited, which produces filmstrip projectors with sound capabilities, Spar Aerospace Products Ltd. (formerly COMSPAR), a producer of stereo slide projectors, and manufacturers of miscellaneous products such as custom developing tanks). Thus, it can be estimated that there are probably fewer than 500 Canadians who are employed in the manufacture or assembly of the goods under study in this Reference.

In contrast, many thousands of Canadians use photographic equipment in their work. At the public hearing, the Professional Photographers Association of Canada indicated that it was speaking for its 2,000 members but that there was an unknown number of professional still photographers who did not belong to the Association. In 1970, 1,300 persons were employed in the production and processing of motion pictures including those filling the technical jobs created by the

development of specialized laboratories and studios to serve the industry. At the time of the 1966 census, some 2,000 persons were employed in 148 retail photofinishing establishments. Many more are employed in the distribution of Canadian-made equipment and in the importation, distribution, servicing and sales, of all kinds of photographic equipment. The Board has no means of measuring the extent of this employment.

Although Kodak Canada Ltd. employs less than 200 people in the assembly of cameras and projectors, the company's total employment in Canada, including those involved in the production of sensitized materials, in its film processing operations in Toronto and Vancouver, and in distribution, service and sales, amounted to 2,400 in 1970 (2,700 in 1973). Kodak Canada's total investment in Canadian production, service and distribution activities exceeds \$100 million, its purchases of Canadian materials and services are more than \$25 million per year and its total wage bill is more than \$30 million per year; although the company exports virtually no photographic equipment, its current exports, mainly of film materials, are valued at more than \$20 million.

The Consumer and Audio-Visual Products Division of Bell & Howell Canada Ltd., with less than 100 production workers, employs about 200 in all; another division of the company is involved in the importation, distribution and servicing of photocopiers and microfilm equipment.

Until 1974, Xerox of Canada Limited imported all of the photocopy equipment it distributed in Canada. Beginning in 1974 the company will produce in Canada the three most popular models it distributes in the Canadian market. No information is available regarding the number of Canadians who will eventually be employed by Xerox in the manufacture of photocopiers in Canada.

IMPORTS AND EXPORTS

Almost 90 per cent of the Canadian demand for photographic equipment is supplied by imports, mostly from M.F.N. countries. The United States is the major supplier of the Canadian market, but Japan and the Federal Republic of Germany also have significant market shares. During the period, 1969 to 1971, imports of photographic equipment averaged \$87 million per year, f.o.b. country of origin, of which 97 per cent originated in M.F.N. countries. Canadian exports are very small.

Imports of photocopiers and parts averaged \$31.5 million per year, 36 per cent of the total, by far the most important single group of products, in terms of value, imported between 1969 and 1971. Imports of still picture cameras, projection apparatus and parts, camera accessories, and film processing equipment, were also substantial. Except for still picture projectors, from 94 to almost 100 per cent of the imports of individual groups of products originated in M.F.N. countries.

Principal Kinds of Products Imported

Imports by major groups of products are shown in Table 1-2. About 60 per cent of the imports of photographic equipment consists of goods associated with conventional photography. In the three years, 1969 to 1971, the approximate average annual value of imports of such goods amounted to \$51 million. The remainder consisted of non-conventional equipment, valued at about \$36 million per year in this period. Virtually no photocopy, microfilm, or blueprint equipment was made in Canada during that period.

Table 1-2: Imports of Major Groups of Products^(a), Annual Averages, 1969-71

Group	M.F.N. Origin	Total Imports	M.F.N. as % of Group Total	Group as % of Total Imports
	- \$'000 -		- per cent -	
Still cameras	12,680	13,472	94.1	15.5
Movie cameras	2,682	2,731	98.2	3.1
Still projectors	3,305	3,759	87.9	4.3
Movie projectors	2,994	3,098	96.6	3.6
	<u>21,661</u>	<u>23,060</u>	<u>93.9</u>	<u>26.5</u>
Camera & proj. lenses	3,183	3,278	97.1	3.8
Parts of cameras exc. lenses	1,901	1,981	96.0	2.3
Proj. appar. & parts n.e.s.	6,831	6,925	98.6	8.0
	<u>11,915</u>	<u>12,184</u>	<u>97.8</u>	<u>14.0</u>
Camera access. n.e.s.	5,204	5,255	99.0	6.0
Film proc. eqpt. & parts	8,861	9,186	96.5	10.6
Photog. eqpt. n.e.s.	1,540 ^(b)	1,637 ^(b)	94.1	1.9
	<u>15,605</u>	<u>16,078</u>	<u>97.1</u>	<u>18.5</u>
Total conventional equipment	49,181	51,323	95.8	59.0
Photocopiers & parts	31,503 ^(c)	31,533 ^(c)	99.9	36.2
Microfilm eqpt. & parts	3,251 ^(c)	3,446 ^(c)	94.4	4.0
Blueprint eqpt. & parts	711 ^(c)	714 ^(c)	99.6	0.8
	<u>35,465</u>	<u>35,693</u>	<u>99.4</u>	<u>41.0</u>
Total equipment	84,647 ^(d)	87,016 ^(d)	97.3	100.0

(a) According to Statistics Canada commodity classes

(b) Excludes estimated value of photographic "supplies", included in this import commodity class

(c) Average of 1970 and 1971, only

(d) Does not include videotape equipment with an estimated value of \$2 to \$3 million, annually, classified elsewhere in the import Statistics

Source: Statistics Canada

Of the imports of conventional photographic equipment of \$51 million, still picture cameras are the most important group of products (\$13.5 million or 26 per cent), and all cameras and projectors, together, account for \$23.1 million or 45 per cent of the total. Imports of film processing and finishing equipment, projection apparatus and parts, and camera accessories, each account for more than 10 per cent of the imports of conventional photographic equipment. Imports of major product groups are discussed more fully in relevant product-group Chapters.

The import statistics in Table 1-3 are classified according to the tariff items under which the goods were imported. The difference in system of classification from that used in Table 1-2 is noteworthy. For example, the value of imports shown under item 46210-1 includes both still and motion picture cameras of a class or kind not made in Canada and complete parts thereof, but excludes still and motion picture cameras imported under item 46205-1, still picture cameras entered under item 46215-1 and motion picture cameras entered under 46220-1. In contrast, the imports shown in Table 1-2 are classified according to related groups of products (commodity class) and show still cameras and movie cameras separately, regardless of whether or not they were of a class or kind made in Canada, or whether or not they met the special requirements of tariff item 46215-1 or 46220-1.

The tariff items shown in Table 1-3 are those specifically referred to the Board. The data which relate to the tariff items do not differentiate between conventional and non-conventional equipment because most non-conventional equipment is entered under the same items as conventional products; photocopiers, for example, are classified as photographic printers and constitute the bulk of the imports under tariff item 46240-1. While the tariff items in the table have been grouped to cover related products, the figures do not represent the major groups of products with accuracy because, for example, most parts imported for use in the production of cameras in Canada are included in the same tariff items as the cameras themselves.

The value of the "professional" cameras entered under item 46215-1, in Table 1-3, is greatly overstated by the inclusion of replacement and repair parts, accessories such as special backs of cameras which would be classified as parts, carrying cases, and those models of Polaroid cameras designed for negatives $3\frac{1}{4}$ " by $4\frac{1}{4}$ " or larger, which are used mainly by non-professionals. The annual imports of large-format professional cameras under this item probably do not exceed one million dollars in value. It would appear that the total value of imports of still and motion picture cameras for commercial use, entered under items 46215-1 and 46220-1, probably do not exceed \$1.7 million per year compared with imports on "non-professional" cameras of more than \$17.0 million annually.

The imports under item 46205-1 (cameras of a kind made in Canada) include complete parts entered for manufacturing purposes. Because the parts probably account for more than 35 per cent of the value of imports under item 46205-1, the value of imports of cameras which would compete directly with those made in Canada, is probably less than \$1.5 million per year. This figure compares with imports of cameras of a class or kind not made in Canada of about \$15 million per year.

The value of the imports under item 46230-1, unfinished parts, of about \$12,000 per year, is very small. It is evident from this that almost all imported parts used in the Canadian production of cameras are entered as complete parts (item 46205-1) or as complete assemblies (items 46225-1 and 46255-1).

Origin of Imports

As indicated by Table 1-3, most of the imported goods classified under the items specifically referred to the Board originated in M.F.N. countries. During the period 1969 to 1971, the value of imports from M.F.N. countries was \$83 million per year, 97 per cent of the total value of imports of \$85.2 million per year. Total imports under the B.P. and General Tariffs averaged \$2.3 million per year of which imports from Britain were \$1.6 million and imports from other B.P. countries \$0.5 million; imports under the General Tariff were very small, approximately \$0.2 million per year.

The principal M.F.N. suppliers of the Canadian market are the United States, Japan and the Federal Republic of Germany, but a number of other M.F.N. countries also export particular products to Canada. The United States is by far the largest single supplier of the Canadian market; in the period 1969 to 1971, the value of imports from the United States constituted over 75 per cent of the total imports of photographic equipment. Except for still picture cameras of a class or kind not made in Canada, motion picture cameras, and a few other products such as portable electronic flash equipment, the United States is either the major or the dominant foreign supplier of the Canadian market. In the field of conventional photography, that is, excluding photocopy, microfilm and blueprint equipment, the United States, Japan and the Federal Republic of Germany, together, accounted for about 90 per cent of the average imports from all countries of \$51.0 million per year, 1969 to 1971, and the United States, alone, for 62 per cent of the total. Most of the non-conventional equipment, 95 per cent of the total, originates in the United States.

The United States is by far the largest supplier of almost every kind of conventional photographic product and is almost the only significant supplier of non-conventional (photocopy, microfilm and blueprint) equipment and also of videotape equipment. The value of cameras of a kind made in Canada, imported from the United States, is small, mainly because those which would compete most directly, the relatively inexpensive cassette cameras, are made by the Canadian subsidiary of Eastman Kodak and in effect the Canadian market for Kodak products is reserved for Kodak Canada.

Japan is the second largest supplier of conventional equipment to the Canadian market, with average exports to Canada of \$10.6 million per year, in the period, 1969 to 1971. More than 50 per cent of these exports are of still and motion picture cameras, mainly of a kind not made in Canada. The principal other exports from Japan to Canada consist of a variety of equipment, including parts of cameras and projectors, accessories and some photocopiers.

Table 1-3: Imports of Photographic Equipment, by Tariff Item, 1967-71

Tariff Item	Brief Description	Rates		Average Imports 1969-71			Annual Imports				
		B.P.	M.F.N. p.c.	M.F.N. \$mn.	Total \$mn.	% M.F.N. of Total per cent	1967	1968	1969 \$,000	1970	1971
<u>Cameras</u>											
(a) 46220-1	Movie cameras, producers with studios	Free	Free	0.6	0.6	97.5	752	380	709	485	741
(a) 46215-1	Cameras for negs. 3 $\frac{1}{4}$ " x 4 $\frac{1}{4}$ " & up	Free	Free	5.4	5.5	98.9	4,613	4,335	7,903	5,955	2,663
(a) 46205-1	Cameras n.o.p., made in Can.	7 $\frac{1}{2}$	15	2.1	2.2	91.6	1,142	1,231	1,830	1,913	2,962
(a) 46210-1	Cameras n.o.p., not made in Can.	5	15	9.9	10.6	94.1	11,455	9,254	9,900	9,319	12,465
	Total cameras	-	-	18.1	18.9	95.3	17,962	15,200	20,342	17,672	18,831
<u>Projectors</u>											
(b) 46300-1	Still projectors, without sound	Free	15	4.2	4.8	87.4	3,982	4,215	4,424	4,610	5,454
(c) 46310-1	Still projectors, with sound	10	15	0.1	0.1	99.2	200	152	136	108	112
(c) 46305-1	Movie projcs., arc lamps, etc.	Free	15	4.3	4.5	94.0	4,399	3,307	4,118	4,270	5,214
	Total projectors	-	-	8.6	9.5	90.7	8,581	7,674	8,678	8,988	10,780
<u>Processing equipment; Ancillary equipment</u>											
(a) 46240-1	Proc. equipment, photocopiers	Free	Free	38.4	38.7	99.2	34,181	30,482	33,654	37,630	44,885
(d) 46245-1	Ancillary & editing equipment producers with studios	Free	Free	4.5	4.6	99.8	4,626	4,832	4,854	4,010	4,815
	Total proc. & ancillary equip.	-	-	43.0	43.3	99.3	38,807	35,314	38,508	41,640	49,700
<u>Accessories</u>											
(a) 46200-2	Portable electronic flash	2 $\frac{1}{2}$	10	0.9	0.9	99.9	-	-	267	1,025	1,460
(a) 46315-1	Projection screens	Free	10	1.3	1.3	99.1	1,263	1,251	1,103	1,203	1,605
(a) 46235-1	Specified access. for cameras	Free	Free	1.6	1.6	98.1	1,607	1,462	1,649	1,524	1,696
(a) 46200-1	Equip. & access., n.o.p.	2 $\frac{1}{2}$	15	4.6	4.7	97.3	3,749	4,343	5,327	3,882	4,989
	Total accessories	-	-	8.4	8.6	98.0	6,619	7,056	8,346	7,634	9,750

(f)

Table 1-3 (Cont'd)

Tariff Item	Brief Description	Rates		Average Imports 1969-71		Annual Imports				
		B.P.	M.F.N.	M.F.N.	% M.F.N. of Total	1967	1968	1969	1970	1971
		p.c.	\$mn.	\$mn.	per cent			\$'000		
Parts for the manufacture of cameras										
(a) 46225-1	Lenses & shutters	Free	Free	0.4	99.7	269	158	222	313	541
46230-1	Unfinished parts	Free	Free	*	100.0	14	17	25	10	1
(a) 46255-1	Rangefinders, flash app., meters	Free	Free	0.3	99.7	213	245	297	272	330
	Total parts for cameras	-	-	0.7	99.7	496	420	544	595	872
Parts for the manufacture of projectors										
(a) 46320-1	Lenses & shutters	Free	7 $\frac{1}{2}$	0.3	99.7	175	233	306	318	314
(e) 46325-1	Parts for still & movie proj.s.	Free	7 $\frac{1}{2}$	3.1	99.9	2,593	3,109	3,228	2,727	3,238
46330-1	Electric motors for proj.s.	15	15	*	100.0	37	29	79	22	10
	Total parts for projectors	-	-	3.4	99.9	2,805	3,371	3,613	3,067	3,562
(a) 46241-1	Microfilm reader-printers	Free	Free	0.8	99.1	158	310	737	901	922
	Total of all items	-	-	83.0	97.3	75,428	69,345	80,768	80,497	94,417

- (a) Also provides for parts or complete parts
 (b) Also provides for slides and filmstrips therefor, n.o.p.
 (c) Also provides for spot lights, light effect machines, etc.
 (d) Also includes videotape recorders for T.V. studios
 (e) Excludes motors, bulbs, tubes and exciter lamps
 (f) Three months only; previously under item 46200-1

Source: Statistics Canada

(see item 46305-1 on page 5)

Table 1-4: Imports from the Federal Republic of Germany, Japan, and the U.S.A., by Major Groups of Products, Annual Averages, 1969-71

Group				% of Total Imports	
	West Germany	Japan	U.S.A.	Three Countries	U.S.A.
	- million dollars -			- per cent -	
Still cameras	0.9	4.2	6.6	87.2	49.2
Movie cameras	0.3	1.6	0.6	88.2	21.1
Still projectors	0.1	*	3.1	86.9	82.6
Movie projectors	<u>0.1</u>	<u>0.5</u>	<u>1.8</u>	<u>79.9</u>	<u>57.9</u>
	1.4	6.4	12.1	86.3	52.5
Parts of cameras & projs.	0.7	2.2	8.5	93.7	69.9
Camera accessories	1.0	1.6	2.3	94.8	44.2
Film proc. equipment	0.5	0.2	7.8	92.5	84.4
Photog. equipment, n.e.s. (a)	<u>*</u>	<u>0.1</u>	<u>1.3</u>	<u>90.3</u>	<u>78.4</u>
	2.3	4.2	19.9	93.3	70.3
Total conventional	3.7	10.6	32.0	90.2	62.3
Photocopy equipment (b)	0.2	1.1	30.0	99.3	95.3
Microfilm equipment (b)	*	*	3.2	94.3	94.1
Blueprint equipment (b)	<u>*</u>	<u>*</u>	<u>0.7</u>	<u>95.4</u>	<u>94.1</u>
Total non-conventional	0.2	1.1	34.0	98.7	95.1
Total equipment above	3.9	11.7	65.9	93.7	75.8

(a) Excludes estimated value of photographic "supplies", included in this import commodity class

(b) Imports 1970 and 1971 only

Source: Derived from Statistics Canada data

Canadian imports of conventional equipment, from the Federal Republic of Germany, averaged about \$3.7 million per year, 1969 to 1971, about seven per cent of the average value of imports of such photographic equipment from all countries. Cameras of a kind not made in Canada, accessories, parts of cameras and projectors, and film processing equipment, together, accounted for about 85 per cent of the total.

As noted, imports under the B.P. Tariff are a small part of the total and originated mainly in Britain. As in the case of imports from Japan and the Federal Republic of Germany, a large part of the British exports to Canada are of cameras of a kind not made in Canada, with projectors and accessories accounting for most of the remainder. Imports of slide projectors from Australia account for most of the remaining B.P. imports.

Imports under the General Tariff accounted for less than half of one per cent of the total value of Canadian imports of photographic equipment and originated mainly in the German Democratic Republic. Over 95 per cent of the imports under the General Tariff consisted of still picture cameras, and parts and accessories for cameras.

Exports

Separate export statistics are published only for cameras and lenses, all other equipment being grouped in one class with miscellaneous photographic supplies. Although published data are not available, it is probable that total exports of domestically-produced photographic equipment do not exceed \$3 million annually. The major export product is lenses, with an average value of \$1.15 million per year, 1969-1971. During the same period, the average value of exports of cameras was \$0.35 million per year.

Corporate policy and market forces limit the market of the two principal Canadian producers to Canada; the Canadian subsidiaries generally export only when a related company is short of supplies or in response to a special situation such as a purchase in Canada, using Canadian funds, by an international agency such as the United Nations Educational, Scientific & Cultural Organization (UNESCO). Purchases by UNESCO are understood to have accounted for most of the exports of projectors in recent years. Other products exported include a developing drum designed in Canada, but no statistics are available.

INTERNATIONAL SPECIALIZATION

Production of photographic equipment is concentrated in a small number of countries and reflects the high degree of international specialization which exists in this industry. This high degree of international specialization is reflected in statistics published by the United States Department of Commerce relating to production of photographic equipment and supplies. These figures, which include sensitized materials, indicate that, in 1971, the United States produced nearly 63 per cent of the world total (production in countries with state-controlled economies are not included in the Department of Commerce statistics). Canada's three major suppliers, Japan, the Federal Republic of Germany and the United States, accounted for 85 per cent of the total, Britain for 6.4 per cent and continental European Economic Community (E.E.C.) countries as a group (including Germany) for 17.5 per cent. Together, the United States, Japan and the E.E.C. accounted for about 98 per cent of the estimated production. This high degree of concentration has been evident since at least 1967. Canadian production would appear to account for a substantial part of the value attributed to all other countries.

Table 1-5: World^(a) Production of Photographic Equipment and Supplies, 1967, 1971 and Average 1969-71

Country	Production			Per Cent of Total		
	1967	1971	Average 1969-71	1967	1971	Average 1969-71
	- U.S. \$'million -			- per cent -		
U.S.A.	3,138	4,165	3,945	68.1	62.8	63.7
Japan	411	772	700	8.9	11.7	11.3
West Germany	400	698	640	8.7	10.5	10.4
United Kingdom	283	422	380	6.2	6.4	6.1
France	106	175	156	2.3	2.6	2.5
Belgium	107	148	139	2.3	2.2	2.3
Italy	89	145	130	1.9	2.2	2.1
All others ^(a)	74	107	102	1.6	1.6	1.6
Total	4,608	6,632	6,192	100.0	100.0	100.0

(a) Not including state-controlled economies

Source: U.S. Department of Commerce

The Department of Commerce estimates indicate that world production rose by 44 per cent between 1967 and 1971. The share of total production held by the three principal producing countries, the United States, Japan and the Federal Republic of Germany, declined by less than one per cent to 85 per cent. In the same period, more rapid rates of growth in the output of Japan and the Federal Republic of Germany resulted in a slight decline in the share of the total accounted for by the United States.

The major producing countries and others tend to specialize in their production and markets. For example, the United States is dominant in the field of relatively inexpensive, mass-produced equipment represented by the low-priced instant-loading cassette still cameras and slide projectors which United States manufacturers sell throughout the world; Japan has become the world's largest producer of 35 mm. still cameras, (a position occupied by Germany before the second world war). Small producing countries also tend to specialize. For example, Sweden is famous for the Hasselblad, an expensive, versatile, precision single-lens reflex camera; Switzerland produces high-quality motion-picture equipment; Austria manufactures inexpensive 8 mm. movie projectors; and Australia is a large producer and exporter of inexpensive still picture projectors.

There are relatively few major manufacturers of photographic equipment in each of the major producing countries; many of the manufacturers are part of multinational corporations. Some multinational corporations rationalize their production facilities to achieve lower unit costs of production and to avoid the disadvantages of transportation costs and tariffs in supplying large market territories from their home base. For example, Eastman Kodak has plants in Britain and the Federal Republic of Germany: the British plant manufactures Instamatics which are exported to its former European Free Trade Association (E.F.T.A.) partners and to many Commonwealth countries; the Federal Republic of Germany's plant produces a single-lens reflex camera

which is supplied to all markets, including the United States. Kodak Canada has recently begun to play a role in its parent company's rationalization program by producing viewfinder lenses for the American as well as the Canadian markets.

The establishment of production facilities in countries such as Hong Kong, Taiwan and Singapore, by Japanese and German manufacturers, has been attracted by lower costs of labour in labour-intensive, hand assembly operations. Labour costs in Canada offer no comparable inducement to establish such facilities in Canada.

Tariffs may also induce a company to produce photographic equipment in a particular country. However, the level of protection which appears to be required is very high. For example, a Kodak subsidiary produces still cameras in Argentina, using mainly domestically made parts. This production is destined for the domestic market and perhaps also for neighbouring countries. In 1971, the latest year for which rates are available to the Board, competitive cameras, imported into Argentina, were dutiable at 90 p.c., and most parts of cameras were dutiable at 80 p.c.

Although many other factors are involved in the establishment of a photographic equipment industry, and in the specialized production of particular countries and companies, it seems obvious that new technology and innovation have been major factors. The dominance of the United States with respect to mass-produced consumer products, in spite of high wage rates, distance from foreign markets, and tariff barriers, appears to be based not only on advanced production techniques but also on the continuing flow of technological improvements which have characterized the American photographic . . . industry. The large part of the world market demand supplied by the United States manufacturers of photocopy and microfilm equipment also appears to be based on leadership in technology and innovation. The current dominance of Japanese manufacturers in supplying the world's 35 mm. still camera market, is at least partly attributable to the development and use of miniaturized electronic circuits in combination with high quality optical components and improvements in the cameras arising out of continuing research and development.

TECHNOLOGICAL ADVANCES

Photographic equipment has undergone great change, particularly since World War II, as a result of technological advances in the fields of optics, mechanics, chemistry, electronics, sound engineering and others. The rate of change has been rapid and the industry continues to be one of the most dynamic in respect of innovation. This, coupled with increasing use of photographic equipment by industry, the increase in disposable income, in leisure time, in travel, and in other recreational activities, since the war, has developed a rapidly expanding market for an increasing variety of photographic and related equipment.

In the field of still and motion picture photography, the more important changes relate to the technological improvements in optical systems, sensitized materials, sound recording and reproduction, and in the use of miniaturized electronic circuitry and components. The many improvements have made possible the use of less bulky,

lighter equipment which, in conjunction with the greatly increased demand and consequent longer runs, has reduced costs and prices of cameras, projectors, and accessories.

In motion picture photography, less bulky, lighter equipment has resulted in a much lesser use of studios and more shooting of films on location. The greatly improved film materials have contributed to this by making it possible to obtain pictures under conditions which were once regarded as impossible. In its 1971 annual report, Eastman Kodak refers to the introduction of a new line of motion picture cameras and notes that, "... Movies can now be taken — without auxiliary lights of any kind — in virtually any illumination that will make the subject visible in the viewfinder."

In addition, the rapid development of television broadcasting created a large new demand for all kinds of motion pictures, mostly on 16 mm. film.

The use of magnetic tape to record and reproduce synchronized sound and to accompany the showing of slides or motion pictures, has increased the scope of both hobbyists and professionals at a relatively low cost. In addition motion pictures recorded on film or videotape can be shown on an ordinary television set by using equipment already on the market. The use of such equipment is expanding very rapidly.

The simultaneous introduction of the film cassette and cameras designed for its use, in 1963, was a tremendous market success. In its November 1970 issue, Fortune magazine stated that few, if any, consumer products have been more successful than the Instamatic, and reported that nearly 50 million Instamatics were sold in the United States by Eastman Kodak in the seven-year period, 1963 to 1970.

The continuing improvements in cameras, sensitized materials and equipment and supplies used in processing, led to the introduction of a new line of "pocket" Instamatics, early in 1972. The older models had used 35 mm. film in the cassette; the pocket Instamatics used 16 mm. film cassettes which made possible the design of much smaller cameras. By mid-1972, the company could not keep up with the demand for the new models, according to press reports.

A very recent example of innovation and technological advance is the SX70 camera produced by Polaroid, the developer of instant photography. This camera incorporates complex optical and electronic elements and can be folded and carried in the breast pocket of a man's jacket. The film used in this camera is also new and revolutionary. It is ejected $1\frac{1}{2}$ seconds after its exposure and fully develops within minutes, in full view of the photographer and even in bright sunlight.

Concurrent with advances in other areas of photography, the methods of processing sensitized materials also developed rapidly. Developments in this field include automatic, electronic methods of controlling time of exposure and other factors, of the temperature of chemical solutions and many others. The use of computerized controls have made the processing of sensitized materials carefully controlled, automated operations.

The technologically advanced equipment for recording and reproducing the images and sound of motion pictures, required the services of skilled technicians for its operation. This, in conjunction with the high cost of some of this equipment, the increasing number of producers who rented studio facilities, and the greatly increased demand for motion picture material for television, resulted in the establishment of specialized optical effects and sound studios, and film editing and processing laboratories. The high quality of some of these services was previously not available in Canada. These establishments provide employment for a large number of skilled, highly-trained personnel and supply specialized services to independent producers without a studio, as well as to television stations and motion picture studios.

Technological progress in microfilming equipment (and materials) has made possible its entry into a number of fields such as publishing and computers. The "information explosion" and the resulting demand for better methods of storing, transmitting and retrieving information quickly, have resulted for example, in the development and improvement of computer-output-microfilm (COM) techniques. COM converts computer-generated digital information into microfilm images directly and at high speed, eliminating printed paper forms. Data on microfilm can be stored in a small space and can be retrieved quickly. Micropublishing benefits from these and other advantages in respect of the storage and retrieval of published documents and usually provides a much less costly means of acquiring publications. A 1,000-page book can be reproduced on a single film.

The information explosion, in conjunction with the convenience and rapidity of duplicating typewritten and printed material by means of photocopiers, resulted in a rapidly increasing demand for this equipment and provided the stimulus for many improvements in this field. Technological advances resulted in increased speed of reproduction, in the ability to copy on both sides of the paper, automatically, and in the development of devices by which photocopies can be transmitted by long distance telephone lines. Improvements in photocopying equipment also involved the incorporation of time-saving accessories such as automatic feeds and collators, in photocopy equipment.

The foregoing is not intended to be a comprehensive review of technological developments in photographic equipment. Nonetheless it will serve to underline the fact that this is a field which benefits from a very high rate of technological advance and innovation.

MAJOR CONSIDERATIONS AND TARIFF ISSUES

Important considerations attaching to the photographic equipment industry in Canada and major tariff issues raised by this Reference and by those who have an interest in it, are summarized in this section following a brief review of previous Reports by the Tariff Board on certain sectors of the industry.

Previous Tariff Board Reports

The Tariff Board has reviewed tariff items which apply to photographic equipment on three previous occasions, in References 85, 95, and 108.

Reference 85, which was signed in April 1936, was concerned mainly with still picture equipment. In that Reference the Board recommended duty-free entry under all Tariffs for a variety of equipment "for use by professional photographers and commercial photo-finishers in their own business." The Board provided for free entry for "cameras for professional purposes for making negatives 4-3/4" by 6 1/2" and larger"; in doing so, size of negative was adopted for tariff purposes, for the first time, as the dividing line between professional and non-professional still picture cameras.

Reference 95, signed in January 1937, dealt with motion picture cameras and sound equipment for professional work, and unexposed film. As the applicant for lower rates withdrew his request concerning sound equipment, the Board made recommendations only with respect to motion picture cameras and film. The item recommended by the Board to cover motion picture cameras, was worded as follows:

"Cinematographic and motion picture cameras 35 mm. for use by professional motion picture producers having studios in Canada equipped for motion picture production ...",

with rates of Free, B.P., and 10 p.c., M.F.N. The rates of duty for cameras for use by those without studios, or designed for film less than 35 mm. in width, remained at 15 p.c., B.P., and 25 p.c., M.F.N. In distinguishing for the first time between motion picture producers having studios in Canada and others, the Board's purpose was to encourage the production of motion pictures by Canadians.

Reference 108, signed in June 1950, was involved with essentially the same subject matter as Reference 85, after a 14-year lapse of time. In the tariff item which the Board recommended, the film size of the cameras was reduced from 4-3/4" by 6 1/2" or larger, to 3 1/4" by 4 1/4" or larger, and the phrase "for professional purposes" was deleted. In effect, the Board recognized that technological advance no longer required that professional photographers use the very large negative format specified in 1936 in order to achieve, in 1950, the quality of pictures made possible by the improvements in cameras and sensitized materials. It also made many other changes in the wording of the item in order to delete unclear terms, and, generally, to bring greater clarity to the tariff item. Significantly, the Board also provided for certain products which had come into common use, since 1936.

Many of the problems and issues which gave rise to References 85, 95 and 108, obtain today. The impact of technological change on film size, on the production of motion pictures, as well as on the classification and description of an increasing range of ancillary equipment, processing equipment, accessories and other photographic equipment, are at least as important issues now as they were in 1936, 1937 and 1950.

Major Considerations

The Canadian market for the goods entered under the tariff items specifically referred to the Board is very large and appears to be expanding at a rapid rate. Canada is also a major world market for particular kinds of equipment such as cameras and photocopiers.

Specific information is lacking regarding the growth of the demand in Canada for photographic equipment. Estimates in the United States foresee an average rate of increase of eight or nine per cent, during the 1970's to make photography the second-, or third-fastest growing industry in that country. A roughly comparable estimate for Canada can be based on imports since they supply nearly 90 per cent of the Canadian demand for photographic equipment. Canadian imports of the goods covered by the tariff items referred to the Board rose from less than \$60 million, in 1966, to almost \$122 million, in 1972, an increase of more than 100 per cent, an annual rate of almost 13 per cent per year.

Although the over-all Canadian market is quite substantial and is also large for a number of particular products, production in Canada is relatively small and meets only some ten per cent of the total estimated Canadian demand. The bulk of this production is at present limited to cameras and projectors. A programme has recently been announced for the production of certain models of photocopiers in Canada.

In spite of the duty of 15 p.c., M.F.N., which applies on the bulk of cameras and projectors, the protection afforded by costs of transportation and packing for long-distance shipment, and the advantages which manufacturers usually have when supplying their domestic market, the Canadian production which has been developed consists, essentially, of the assembly of complete parts and components manufactured mainly in the United States.

The same tariff rate applied to many of the parts used in the manufacture of cameras, but virtually no parts of cameras are made in Canada. Although the M.F.N. rates which apply to parts of projectors are lower than those which apply to complete parts of cameras, some parts of projectors are acquired in Canada. However, the over-all situation is not very different for projectors than for cameras.

Because almost all parts are imported into Canada as finished or complete parts, they constitute a large percentage of the plant cost of production. Consequently, the assembly of cameras and projectors, which account for a very large proportion of Canada's production of photographic equipment, requires a very small input of Canadian labour and other resources. There is only a relatively small value added by Canadian assembly operations.

Exports of photographic equipment are generally negligible and usually involve special situations. The one significant exception relates to quality lenses.

An additional important consideration is the fact that most of the Canadian output of photographic end products is by subsidiaries in Canada of (United States-owned) multinational corporations. This means that the corporate policies of the parent company is of predominant importance especially as regards the location and nature of production facilities and the allocation of markets. Broadly speaking, the present situation in Canada is that the Canadian subsidiaries assemble only the most popular models of cameras and projectors, for the Canadian market, from parts imported largely from the United States. Moreover, the growth potential of the subsidiaries is, in effect, restricted to the rate of growth of the demand in Canada. The Canadian subsidiaries do not as yet engage in research and development work as regards photographic equipment.

Main Tariff Issues

Ten main tariff issues have been identified by the Board and are set out below. These are preceded by a brief review of the existing tariff items and rates.

Most of the tariff items specifically referred to the Board have been in existence, virtually in their present form, for many years; the rates of duty which applied to them were generally higher in the past. With only a few exceptions, the existing tariff items provide for free entry under the B.P. Tariff; average annual imports from B.P. countries, 1969 to 1971, amounted to approximately \$2.1 million per year, less than three per cent of the imports from all countries.

Imports under the General Tariff are of the order of less than \$0.2 million, in most years, a negligible proportion of the total.

Thus, most Canadian imports are entered under the M.F.N. rates of duty and it is these rates which are of principal relevance to this Reference. Average M.F.N. imports, 1969 to 1971, were \$83.0 million per year, f.o.b. country of origin; their landed cost, inclusive of duty and federal sales tax would exceed \$100 million annually.

Twenty tariff items were specifically referred to the Board, with M.F.N. rates of duty ranging from Free to 15 p.c. Sixty-three per cent of the value of M.F.N. imports was entered free of duty, during the three-year period, 1969 to 1971, and 30 per cent of the total was entered at 15 p.c. Photocopiers constituted the largest single category of product covered by the 20 items and accounted for 60 per cent of the duty-free imports.

<u>M.F.N. Rate of Duty</u>	<u>No. of Tariff Items</u>	<u>Average Imports, 1969-71</u>	
		<u>Per Year</u> \$'000	<u>% of Total</u> per cent
Free	9	52,154 ^(a)	62.9
7½ p.c.	2	3,373	4.1
10 p.c.	2	2,209	2.7
15 p.c.	7	25,222	30.4
Total	20	82,958	100.0

(a) Includes photocopiers and parts valued at \$31.5 million per year

The goods which are entered free of duty under the nine items, consist largely of photocopiers, "professional" cameras, processing equipment, ancillary equipment for film producers with studios, certain specified accessories, some microfilm equipment, and Polaroid cameras, many of which are intended for use by hobbyists. The 15 p.c., M.F.N. rate which applied to seven items covers mainly cameras other than those mentioned, projectors, and accessories; most of the cameras are of a class or kind not made in Canada.

The items which relate to cameras also provide for complete parts thereof, dutiable at the same rates as the cameras to which they pertain. Because most parts of cameras used in manufacturing are imported as complete parts, almost all parts of small format cameras (designed for negatives less than $3\frac{1}{4}$ " by $4\frac{1}{4}$ "') are dutiable at 15 p.c., M.F.N.; parts of the large-format cameras, like the cameras to which they pertain, are free of duty under both the B.P. and M.F.N. Tariffs. Unfinished parts, and some specified parts such as lenses, shutters and range-finders, are also free of duty under both the B.P. and M.F.N. Tariffs.

All still and motion picture projectors are dutiable at 15 p.c., M.F.N. With the exception of electric motors, parts for use in the manufacture of projectors are generally dutiable at $7\frac{1}{2}$ p.c., M.F.N. and parts for replacement and repair at 15 p.c. The same M.F.N. rates of duty generally apply to parts of both still and motion picture projectors. However, the items which relate to still projectors do not provide for parts but the tariff item which applies to motion picture projectors does make provision for parts for replacement or repair.

The first tariff issue identified by the Board relates to the level of the duties which should be levied. In considering the level of rates it should recommend, the Board has borne in mind the fact that the M.F.N. rate is by far the most important and also that B.P. countries have a margin of preference under ten of the specifically-referred items. It has also noted the existing margins, under all 20 items, between the M.F.N. and General Tariffs.

The second issue is the question as to whether protection should be afforded to goods produced in Canada, the level of such protection, and the means by which this should be done. Certain proposals would have restricted such protection to products currently being produced in this country. The Board has considered this method and other means which might take account of future manufacturing activities. It has also determined what it feels to be appropriate rates of duty.

The third issue raises similar questions as regards goods which are not made in Canada and the various methods which might be used to distinguish between such goods and those produced in Canada.

The fourth issue has to do with appropriate rates of duties on parts and components, particularly those imported for use in Canadian manufacturing or assembly operations. Consideration has been given to the question of whether distinctions should be made based on whether or not the parts are of a class or kind made in Canada. The Board has also examined the existing relationships between the duties on parts and the duties on finished products and has assessed the probable impact of its recommendations on these relationships.

The fifth issue is the question of nomenclature. It was necessary for the Board to devise an appropriate nomenclature in a coherent schedule of tariff items which provided for all the products included in the Reference. Later in the Report, the Board discusses the use of the Brussels Tariff Nomenclature as the basis of its recommendations and the question of whether, or to what extent, it should be modified or adapted to meet Canadian needs. The Board has also been conscious of the need to ensure that its recommendations not only provide for all of the goods now imported under the tariff items included in its study but that they also have a sufficiently broad coverage to provide for future developments in photographic equipment.

The sixth issue concerns the present distinction, for tariff purposes, between cameras used by professional still photographers and those used by amateurs. This is based on film size, with cameras designed to make negatives or positives $3\frac{1}{4}$ " by $4\frac{1}{4}$ " or larger, being free of duty under tariff item 46215-1 and cameras using smaller format films being dutiable. The improvements in equipment and sensitized materials have resulted in professional still photographers replacing many of their bulkier and heavier cameras with those using 35 mm. or 61 mm. (2-7/16" wide) films; the latter cameras are subject to a 15 p.c. M.F.N. duty. Further, item 46215-1, designed to cover professional cameras, also applies to many in-camera processing cameras, intended primarily for the hobbyist. Certain proposals placed before the Board sought to distinguish between cameras and other products used by professionals and those used by amateurs. The Board has considered both the validity of, and the need for, such distinctions.

The seventh issue is the existing distinction, for tariff purposes, between motion picture producers with studios, on the one hand, and producers without studios and specialized firms serving the motion picture industry, on the other. Under tariff items 46220-1 and 46245-1, only producers who have studios in Canada equipped for motion picture production are entitled to free entry for motion picture cameras, sound equipment, camera dollies, microphone booms and editing equipment; others who use the same goods, must pay duty on their importations.

The development of lighter, portable, more versatile motion picture equipment and the increased availability of specialized optical effects, sound, editing and processing services, have resulted in major changes in the production of motion picture films. In particular, they have made it possible for producers in Canada to make films on location or in rented studios, with rented equipment. Thus, a growing proportion of Canadian films are made by producers who have no direct connection with a studio; even producers with studios use the specialized services now available. The Board has considered these developments in relation to the tariff advantage now given to studios, which may perform these specialized services for themselves or others, over producers without studios and independent service companies.

The eighth issue relates to many new products, particularly types of processing equipment and accessories, which are usually dutiable at 15 p.c. under the basket item (46200-1) of the photographic schedule. These goods are often designed for use by professional still or motion picture photographers or in the processing of still or motion picture film; frequently, they have replaced duty-free products listed

in tariff items 46235-1 and 46240-1. It was proposed to the Board that the listings of duty-free goods be greatly expanded. The Board has considered the question of whether these new products should enter duty-free and also various means by which such treatment could be accorded. In so doing, it has borne in mind the possibility that further technological advances will bring other new products to the market.

The ninth issue arises out of the development of the use of magnetic tape to record images and sound in place of conventional film. As yet, videotape is used mainly by television and cablevision stations but it has been used in the production of motion pictures for exhibition in theatres. Some observers feel that videotape systems will become increasingly competitive with traditional motion picture equipment.

The tenth issue, closely related to the preceding, has to do with tariff distinctions between television stations and cablevision stations. In the administration of items 46220-1 and 46245-1, television stations are considered to be "professional producers having studios in Canada equipped for motion picture production" whereas cablevision stations are not. As a result, videotape recorders, as "magnetic sound equipment" of tariff item 46245-1, and the more conventional types of photographic equipment listed in the two items, are free of duty when imported by television stations, but are normally dutiable under other items, when imported by cablevision stations. Videotape recorders are otherwise dutiable at rates of 10 p.c., B.P., and $12\frac{1}{2}$ p.c., M.F.N., under tariff item 44538-1, although duty is currently being remitted on importations by cablevision stations. In resolving this issue, the Board has therefore given consideration to tariff item 44538-1 even though it was not specifically included among the items referred to it.

CHAPTER 2(a): STILL PICTURE CAMERAS

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CHAPTER 2(a): STILL PICTURE CAMERASTHE CAMERAS AND THE FILMS THEY USE

In spite of the great technological advance noted in the preceding chapter, the essential parts of a camera remain the same and include a chamber into which light is admitted, a shutter which admits light for a measured interval of time, a lens which condenses the light rays which pass through it and focusses them at a precisely, pre-determined distance from their point of entry, a film transport mechanism or other means of changing the sensitized surface which is to be exposed, and a view-finder by means of which the user can see the image which will be recorded.

The Explanatory Notes to the Brussels Tariff Nomenclature list four main types of still cameras, as follows:

"The main types of camera in general use are:

- (A) Box cameras; these are the simplest type.
- (B) Folding or collapsible cameras, for studio or amateur use.
- (C) Reflex cameras; in these the image is viewed on a screen at the top of the camera, sometimes by means of a second objective.
- (D) Miniature cameras; these generally use 35 mm. film."

In addition the Explanatory Notes list several kinds of still cameras for specialized uses: stereo cameras (equipped with two identical lenses and a shutter which exposes two images simultaneously); panoramic cameras (used to photograph a wide panorama or a long line of people while the camera is rotated at a uniform rate about a vertical axis, the exposure being made by a vertical slit which travels across the plate or film); recording (of transitory and ultra-rapid phenomena); automatic (Polaroid type); wide angle, air- and watertight (for underwater photography), air survey; comparison (for forensic and criminological purposes); medical and surgical (some can be introduced into the stomach for examination and diagnosis); copying (including microfilm cameras); and cameras for composing and preparing printing plates and cylinders by photographic means.

Within the four main types and the many specialized kinds, there are, of course, differences in respect of the quality and speed of the lens, the kind and versatility of the shutter mechanism (if present), the degree of automatic control provided by associated electronic or mechanical components, and other features.

An important feature of any camera is the maximum size of the image which it is designed to record. The size and weight of a camera increases rapidly with the image size, and the cost of the parts, particularly of the lens and other optical components, also rises rapidly as the size of the image increases.

Most still cameras use the standard sizes of film readily available on the market in widths of 16 mm., 35 mm., 61 mm. (2-7/16 inches), 70 mm., 82.5 mm. (3 $\frac{1}{4}$ "), and 105 mm. Films which exceed 35 mm. in width are usually wound from one spool to another and are not perforated on the edges; films 35 mm. or less, in width, are usually perforated on one or both edges.

The bulk of the films used in still photography are roll film 2-7/16" (61 mm.) wide and 35 mm. film packed in cartridges or instant-loading cassettes. The introduction, in 1972, of pocket Instamatics for amateur use, designed to use a 16 mm. cassette, will probably result in a large increase in the use of this size of film for still picture photography.

The simultaneous introduction of the original instant-loading cassette, together with a line of Instamatic cameras designed for its use, by Eastman Kodak, in 1963, resulted in a tremendous volume of sales of both the cameras and the cassette films for which they were designed. The relatively small image area of the negatives made by these cameras allowed a very substantial reduction from the size of the bulky box cameras which they made obsolete. Although the negatives produced by the Instamatics required enlargement, the improvement of sensitized materials, chemicals and processing equipment, prior to 1963, resulted in acceptably sharp, enlarged photographs. These new cameras were aesthetically pleasing in appearance and were sufficiently small to be carried in a handbag.

The lightness and compactness of the new cameras, the simplicity of their operation, together with their other features, immediately made them a market success. In addition, the speeds and wide latitude of the available film materials, in conjunction with automatic control of exposures, resulted in an increased proportion of printable negatives and in a substantial increase in sales of film. It has been reported that the Instamatic's market success was greater in terms of the increase in film sales than in the numbers of cameras sold.

The smaller cameras, which use a 16 mm. cassette, may make the larger cassette cameras obsolete. The new cameras are small enough to fit into a shirt pocket and, like their predecessors, most are inexpensive and incorporate features which allow a "point-and-shoot" amateur photographer to obtain a large proportion of acceptable enlarged prints.

Thus, there are many kinds of cameras available on the market which differ in general type, in size of negative produced, in built-in features, and in quality of construction and components. Current photographic magazines list some 400 different models of still cameras available to consumers, exclusive of types and models for special applications. Of these, about 150 are the instant-loading cameras which use 16 or 35 mm. film packed in cassettes; about 150 are cameras which use standard 35 mm. film and more than half are of the single-lens reflex type. At least one-third of the remaining 100 models are press and view cameras, most of which use much wider films; about 20 models are twin-lens reflex cameras and more than 10 models are single-lens reflex cameras, most designed for film 2-7/16" (61 mm.) in width; approximately 10 models are precisely engineered, ultra-miniature cameras, most for use with 16 mm. film; some 20 models are Polaroid Land cameras which can produce a finished picture in seconds and most are designed for pictures 3 $\frac{1}{4}$ " by 4 $\frac{1}{4}$ ".

Prices at the wholesale and retail levels reflect the variety and quality of the cameras which are available. Exclusive of special types, retail prices range from about \$5 for the simplest kind to about \$1,000 for a basic, precision-built, standard or single-lens reflex

camera designed for 35 mm. or 2 $\frac{1}{4}$ " by 2 $\frac{1}{4}$ " negatives, with provision for features such as interchangeable backs and lenses. Most of the 400 models referred to above have retail list prices of less than \$100 and only a relatively small number have retail list prices exceeding \$200.

In the past, professionals used cameras with large negative sizes. The quality of the equipment, films and methods of processing, limited the extent of enlargement and a large negative was preferred because it required less enlargement than a smaller one and was easier to "touch up". However, improvements in practically all phases of photography now permit a greater degree of enlargement without appreciable loss of sharpness or quality. As a result, films with widths of 61 mm. (2-7/16 inches) and 35 mm., once considered to be mainly for the use of hobbyists, are now the most widely used by professionals, particularly where mobility is a factor.

Thus, the film-width for which a camera is designed gives little, if any, indication of whether the camera is likely to be purchased for professional use or by a hobbyist, although only a small percentage of hobbyists are likely to buy cameras designed to use film whose width exceeds 61 mm. The differentiation between commercial and non-commercial use is better indicated by the versatility of the camera in terms of such features as interchangeable lenses and backs and the variety of other accessories which can be used with it. However, because of their large numbers, serious hobbyists account for a large proportion of the sales of even the very versatile types of cameras. In this context, the spokesman for the Professional Photographers of Canada stated that,

"... The full lines of equipment available today are so excessive as to make almost any camera capable of doing most professional jobs. True, there are two or three or four top line cameras that have the most accessories and the most adaptability, but these are available to the amateur as well as to the professional, and within his price range, in today's economy."⁽¹⁾

PRODUCTION IN CANADA

As far as the Board has been able to determine, the only producer of still picture cameras in Canada is Kodak Canada Ltd., a wholly-owned subsidiary of Eastman Kodak, of Rochester, New. York. As a result, such data as are available regarding Canadian production cannot be published. However, the Board was able to obtain information on production in Canada on a confidential basis and used this information in its deliberations and in framing its recommendations. Therefore, this section deals mainly with those few aspects of Canadian production of still cameras for which supporting public information is available.

In 1971, Kodak Canada produced five of the company's six models of the Instamatic line designed for "magicubes" as well as four models of the earlier Instamatic line; these varied from a basic camera with a retail list price of \$11.95 to one which provided for electronic

⁽¹⁾ Transcript, Volume 7, p. 1077

control of exposure and automatic film advance, priced at \$71.25 at retail list. The two highest-priced Instamatics were not made in Canada; one was imported from the parent company in the United States and the other, a single-lens reflex (SLR), from the Federal Republic of Germany. The camera imported from the United States was priced, at retail, at \$198 and, as the price suggests, contained a much better lens system and certain features not available on the Canadian-produced models. The SLR was priced at \$285 (with an f2.8 lens); it is produced only in Germany by Eastman Kodak's subsidiary and is exported to the United States, as well as to Canada and other countries.

In 1972, Kodak began to assemble pocket Instamatics in Canada. The Canadian plant produced only the three largest-selling models and imported the two more expensive models from the United States. Both the Canadian and United States plants continued to manufacture the older type of Instamatic cameras; sales of these remained large, according to market reports, although smaller than in the first few years after their introduction.

Polaroid Corporation of Cambridge, Massachusetts, in collaboration with Bell & Howell Canada Ltd., a wholly-owned subsidiary of Bell & Howell Co., of Chicago, produced a new model, to be called the Colorpack 80, with a list price of \$34.95, in the Toronto plant of Bell & Howell, in early 1971. However, production ceased in mid-1971, only two or three months after it began. The only explanation given to the Board was that the market had failed to develop as anticipated. (As discussed later in this chapter, the Canadian market for still cameras declined in 1970 and 1971). The Colorpack 80 was subsequently produced in the United States. It should be noted that Bell & Howell had been producing certain models of Polaroid cameras in the United States since about 1965.

Information regarding Canadian production, given at the public hearing, revealed the following concerning the operations of Kodak Canada. The company was established to serve the Canadian market; it is not an exporter of photographic equipment. (On occasion, in unusual circumstances, it exports to Kodak, mostly in the United States). The company's major interest is not in cameras or other photographic equipment, but in the production and sale of photographic film and sensitized paper, and in processing. Of the 2,400 persons employed by the company at that time, about 2,200 were engaged mainly in the production and processing of film and other sensitized materials.

The company's domestic production is aimed at the mass Canadian market for cameras. This is evident from the price range of the cameras produced by the company in Canada. The company informed the Board that in the three years, 1968 to 1970, an average of 99 per cent of the number of units of equipment it sold to amateur photographers in Canada was produced domestically. The relation between this production and Canadian demand is discussed in the next section.

As already noted, Kodak Canada's manufacturing operations consist, almost exclusively, of the assembly of imported finished parts, produced by Kodak and other plants, mostly in the United States. Only five to seven per cent of the cost of materials used in the Canadian assembly operations is obtained domestically. Such an

operation, as can be expected, results in little use being made of Canadian labour and other domestic resources. This is reflected in the relatively small number of employees engaged in the assembly of still and motion picture cameras and projectors; the 200 who were said to be engaged in these activities included some office and other support staff.

Forbes Weekly estimates that labour accounts for 80 per cent of the cost of a Japanese camera.⁽¹⁾ Costs of labour in the United States would be proportionately lower, in spite of higher wages, because the bulk of the cameras produced are less complex and because the production operations are more automated than in Japan. Nevertheless, costs of labour would still be a substantial part of the total production cost in the United States. On the other hand, labour costs in Canada are probably a much smaller percentage of total production costs than in the United States because 93 to 95 per cent of the parts used in the Canadian production of still cameras are imported, almost entirely in the finished state, and the cost of the imported parts includes the cost of packing and transportation and an average Canadian duty of 10 p.c.

A study⁽²⁾ done for the Economic Council of Canada, on scale and specialization, concluded that purchases of materials and components accounted for about two-thirds of the total costs (included are costs of direct labour, materials and overhead) in Canadian manufacturing. The same study showed that the cost of materials and components averaged — for the manufacturers included in the sample — 20 per cent higher in Canada than in the United States.

It can be expected that, with respect to cameras assembled in Canada, materials and components would constitute more than two-thirds of total costs of manufacturing because almost all of the parts are imported in a completely fabricated state. In contrast, in the United States, a large proportion of materials would be purchased in such forms as metal for stampings or wire for springs. It is, of course, because of this situation that the "value added" by the Canadian operation is relatively small.

As regards the relative cost of materials and components in the two countries, a variety of factors would have a bearing on the applicability as regards still picture cameras of the Economic Council's broad conclusions. On the one hand, it can be expected that the Canadian producer can purchase parts at a relatively lower cost given the extremely large volume of materials and components manufactured or acquired by its parent company in the United States. On the other hand, the Canadian subsidiary pays an average duty of 10 per cent on its imported parts plus the additional costs of packaging, freight and related services. Moreover, the parent company probably includes a profit in its transfer price of parts.

(1) Forbes Weekly, New York, August 15, 1972

(2) D.J. Daly, B.A. Keys and E.J. Spence, Scale and Specialization in Canadian Manufacturing, Staff Study No. 21, Economic Council of Canada (Ottawa: Queen's Printer, 1968). A principal objective of the study related to the persistence of the wide disparity in productivity levels between Canada and the United States.

The Board did not have available sufficient information to compare the relative costs of materials and components in the United States and Canada. However, duty and freight, alone, would add about 14 per cent to the cost of the materials and components used by the Canadian producer. Taking into account the additional costs which apply, it seems probable that Canadian costs of materials and components are at least 20 per cent higher than in the United States, valued at the same stage of fabrication in the two countries.

The designs of the still cameras assembled in Canada are identical with those manufactured in the United States. Changes in these designs have arisen out of the research and development undertaken by Eastman Kodak and have included many innovations, particularly in recent years. In the past decade, major innovations have included the introduction, in 1963, of the film cassette and a line of instant-load cameras for their use: the introduction, in 1965, of redesigned Instamatics capable of using electrically-discharged flashcubes: the introduction, in 1969, of Instamatics capable of using the newly-developed, mechanically-ignited flashcubes: and the production, in 1972, of a completely new line of much smaller film cassettes and cameras for their use -- the pocket Instamatics.

Eastman Kodak's expenditures on research and development, as reported in its annual reports, are substantial: they were \$188 million in 1971, and \$215 million in 1972. The Canadian subsidiary contributes to the cost of this research program; little, if any, research and development is carried out in Canada. Nor are modifications made to the U.S.-designed cameras which are assembled in Canada. (To a certain extent, the U.K.-produced Instamatics do differ from those produced in the United States and Canada).

THE CANADIAN MARKET

Canada is one of the world's major markets for still cameras and, in this regard, ranks with industrialized countries which have much larger populations. This is suggested by the average imports of 470,000 cameras per year, with an estimated average landed value (that is including duty but excluding sales tax) of approximately \$15 million over the period 1969 to 1971. The estimated value of sales of the imported cameras, inclusive of duty, sales tax, distributors' mark-ups, and retail mark-ups where applicable, would be more than \$30 million per year.

The approximate total volume of sales in Canada of still picture cameras, may be estimated with a reasonable degree of accuracy, at least for a given period (1969-71), if it is assumed that buying patterns in Canada are generally similar to those in the United States. According to the figures cited in Fortune magazine (November 1970 issue), about 70 per cent of the total number of still picture cameras sold in the United States are either Instamatics or Polaroid cameras; the remaining 30 per cent are other types of still cameras, the bulk of which is imported. Thus, if it is assumed that most Canadian imports of cameras, from countries other than the United States, are of the types of cameras which supply about 30 per cent of the United States market, the estimated total volume of annual sales of still picture cameras in Canada would approximate 800,000 units per year.

If other published surveys of the United States market are used as the basis of estimate, and allowances are made for the smaller population, the lower per capita consumer expenditures and the higher prices in Canada, the estimated volume of sales in Canada ranges between 800,000 and 872,000 per year with an average 830,000 units per year, during the period 1969 to 1971. Canadian imports in that period averaged 470,000 cameras, annually, suggesting a Canadian output ranging from about 300,000 to 400,000 cameras, per year. Using the average estimated volume of sales of 830,000 units for calculation, suggests a domestic output of around 360,000 cameras per year. Thus, to meet the estimated market demand of 830,000 still cameras, 470,000 units or 57 per cent are imported, and some 360,000 cameras, 43 per cent, are made in Canada.

Surveys of the market in the United States indicate that cameras priced at \$50 or less account for about 85 per cent of total sales and those priced at \$20 or less account for more than 40 per cent of the sales. (An even larger per cent of the sales of Instamatics would be accounted for by models priced under \$20, according to the 1967 annual report of Eastman Kodak; Instamatic cameras priced at less than \$20 accounted for 70 per cent of total Instamatic sales in that year). For all cameras sold in the United States, those priced at more than \$50 constitute only about 15 per cent of sales, with the larger proportion of these being priced between \$50 and \$100.

Applying the same distribution of camera sales by price range, as set out above, to the prices of the cameras produced in Canada in 1970 and 1971 suggests a total value of sales, at retail, of nearly \$7.5 million per year (an average retail value of \$21 per unit). The calculated value of these cameras, f.o.b. Canadian plant, might range between \$3 million and \$4 million per year (with an average value of approximately \$10 per unit). This f.o.b. value would be 20 to 25 per cent of the \$15 million landed value of the imports.

It is important to note that the foregoing estimates of Canadian production give only the general orders of magnitude and provide a basis for comparing the shares of the Canadian market attributable to domestic and to imported cameras. Because imports account for a large part of the total Canadian market (over 80 per cent of the value), the estimate of the value of Canadian production is not critical in estimating the total market demand in Canada.

It is also important to note that the total value of Canadian imports of still picture cameras declined in 1970 and again in 1971 and that the total number imported in the three-year period, 1969 to 1971, was almost 10 per cent less than in the preceding three-year period. Given the close correlation between total sales and imports, this reduction of 10 per cent suggests a decline in the Canadian market between 1969 and 1971. Thus, the estimates of the Canadian market based on imports, probably understate the average size of the market.

The Economic Council's projections of consumer expenditures in 1975, and an assumed income elasticity of the order of 1.75, suggest an increase in aggregate Canadian expenditures on still cameras of 50 per cent or more, between 1969 and 1975, a very substantial expansion of an already large market for these goods.

Table 2-1: Estimated Canadian Market for Still Picture
Cameras, Annual Averages, 1969-71

	Estimated Canadian Shipments (a)	Imports	Total Supply (b)	Imports as % of Total Supply
	- thousand units -			
Numbers of cameras	360	470	830	57
	- million dollars -			
Value f.o.b. Cdn. plant (shipments) or landed cost (imports) excluding federal sales tax	3.6	15.1 ^(c)	18.7	81
Value at distributor level, including sales tax, (mark-up of 33.3%)	5.4	22.4	27.8	81
Total value of sales to final purchasers ^(d)	7.4	30.6	38.0	81
	- \$ per camera -			
Unit value at distrib. level, including sales tax	15	48	33	-

(a) Approximate orders of magnitude, as explained in the text; value of cameras of own manufacture net of returned goods, discounts, returns, allowances, and charges for outward transportation

(b) Exports are negligible and "Total Supply" would, therefore, closely approximate the market demand

(c) Includes cost of duty

(d) Valued at approximate wholesale prices to professional photographers and institutions, and at retail prices for balance of sales; excludes provincial sales taxes in all cases

Source: Derived from Statistics Canada import data and estimates by the Tariff Board

The estimates suggest that imports account for less than 60 per cent of the number of still cameras purchased annually in Canada but for more than 80 per cent of the total value of those cameras. The difference in percentages reflects, of course, the much lower unit value of the relatively inexpensive domestic cameras which account for a large percentage of Canadian production. The approximate unit value at the distributor level, inclusive of federal sales tax, provides a useful basis of comparison for the domestic and imported products. These would be the approximate costs to a retailer; for cameras sold at retail the percentage mark-up would be about the same for both the domestic and imported products. The estimated distributor's price of domestic cameras, inclusive of sales tax, averaged about \$15 per unit

and that of the imported cameras about \$48 per unit. The average difference of about \$33 per unit suggests that most imports do not compete directly with Canadian-made cameras.

Seasonality of Demand

Although there are no data available regarding the seasonality of the demand for Canadian-made cameras, it is very probable that the seasonal patterns are similar for both the domestic and imported products. The information available to the Board and an analysis of the import data indicated that sales are generally highest in the last quarter of the year and are also higher in June and July than in other months. The large volume of sales in the last quarter, particularly in December, would include purchases of cameras for Christmas gifts; the increased sales in June and July appear to be associated with graduations, travel and a variety of recreational activities.

The monthly import data provide the only indication of the seasonality of sales but there would be a lag between the month in which imports were reported and when the cameras were sold. However, the import data generally support the published surveys examined by the Board. Table 2-2 indicates the very large volume of imports in the months of September, October and November; the cameras imported in those months would be sold largely between October and December. Imports are lowest in the first few months of the year, but the sales in those months probably include some cameras carried over from the preceding fall.

Seasonality of demand appeared to pose no particular problem for the photographic equipment industry.

Cameras are not subject to annual changes in design and a particular model may remain essentially unchanged for several years.

Table 2-2: Value of Monthly Imports of Still Picture Cameras, Average, 1969-71

	\$'000	Index ^(a)
January	548	48.8
February	853	76.0
March	883	78.7
April	1,049	93.4
May	1,100	98.0
June	1,274	113.5
July	1,217	108.4
August	849	75.6
September	2,014	179.4
October	1,337	119.1
November	1,297	115.5
December	1,953	93.8
Average per month	1,123	100.0

(a) 100.0 equals average import level per month, namely, \$1,123,000

Source: Derived from Statistics Canada publications

Elasticity of Demand

Cameras and other photographic consumer durables can be expected to have a relatively high elasticity of demand; that is, the volume of sales would change appreciably in response to relatively smaller changes in per capita personal expenditures or in price. Thus, an increase of one per cent in per capita personal consumer expenditures would be expected to result in an increase of more than one per cent in expenditures on cameras; conversely, a decrease of one per cent in per capita personal consumer expenditures would result in a decrease of more than one per cent in expenditures on cameras.

A recent study⁽¹⁾ for the Economic Council of Canada supports such a view. Although the author lacked sufficiently detailed data to enable him to calculate the consumption elasticities for photographic equipment, there seems little reason to believe that they are not at least as high as for recreational durables as a whole.

When the results of the study are adjusted to take account of recent revisions of statistical data, the long-term income elasticity of demand for recreational durables is of the order of 1.75. As regards price elasticities for recreational durables, the author obtained inconclusive results. However, spokesmen for the C.P.T.A. as well as United States market reports suggest that expenditures on cameras would change by more than one per cent in response to a change in price of one per cent.

IMPORTS

Except for the cameras assembled in Canada by Kodak, all still cameras offered on the Canadian market are imported. During the past nine years, 1964 to 1972, imports of still cameras, including both standard and special types, have varied a great deal within a low of 251,000 units in 1964 and a high of 739,000 units in 1972. The very large imports in 1972 follow two years of relatively depressed sales in North American markets. Most of the increase in the volume of imports, between 1971 and 1972, is accounted for by the very sharp rise in the number imported from Britain and, to a lesser extent, from Hong Kong.

The value of annual imports also varied considerably within a low of \$5.3 million in 1964 and a high of \$18.7 million in 1972. However, year to year changes in the value were not closely related to the changes in the numbers imported because many low-priced cameras were imported, mainly from Hong Kong.

As regards the large increase in 1972 over 1971, Britain and Hong Kong accounted for more than 85 per cent of the increased volume of imports but for less than 50 per cent of the rise in the value of imports. In contrast, the number of cameras imported from the United States were essentially the same in both years, but the rise in the value of imports from the United States constituted 26 per cent of the increase in the total value of imports between 1971 and 1972.

(1) T.T. Schweitzer, Personal Consumer Expenditures in Canada, 1926-75, Staff Study No. 26, Part 3, Economic Council of Canada (Ottawa: Queen's Printer, 1971)

Information obtained from trade sources suggests that part of the increase in imports from Britain consisted of Instamatics purchased by large Canadian retail organizations directly from British wholesalers. Most of the remaining increase would be of Polaroid cameras; other popular cameras such as the 35 mm. types, are not made in Britain. The same sources suggested that the large 1972 increase in the number of units imported from Hong Kong were mainly of very low-priced cameras, but probably included some Japanese cameras purchased directly from Hong Kong rather than from the authorized Canadian distributors of the brands involved.

Although imports are known to have increased substantially during the past two decades, both in numbers and in value, the published statistics present difficulties of analysis because of changes in commodity classification and sharp fluctuations in years such as 1966, 1968 and 1972. However, the upward trend in both the volume and value of imports is quite apparent (see Appendix Table 1).

Table 2-3: Still Cameras, Imports by Principal Country of Origin, 1966-72

<u>Origin</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
	- thousand cameras -						
U.S.A.	223.2	108.7	133.2	229.4	310.5	128.1	128.7
Japan	74.0	104.8	82.8	79.1	86.4	141.6	176.1
W. Germany	28.9	65.6	57.3	65.6	51.7	16.0	7.3
Britain	21.5	137.5	22.3	29.1	5.3	74.0	237.9
Hong Kong	260.7	143.0	66.2	34.4	18.1	35.5	112.4
U.S.S.R.	0.2	1.6	*	3.4	16.8	17.5	16.5
E. Germany	0.7	2.0	2.4	4.1	2.5	8.6	14.8
Sweden	0.2	0.1	0.3	0.3	0.4	0.5	0.7
Others	0.7	1.4	3.4	7.4	7.6	40.4	44.3
Total	610.1	564.8	368.0	452.7	499.1	462.3	738.7
	- thousand dollars -						
U.S.A.	6,765	5,551	5,427	8,906	7,369	3,622	5,264
Japan	2,282	3,396	3,263	3,440	3,852	5,396	7,053
W. Germany	731	922	824	981	898	796	503
Britain	287	1,220	272	589	217	1,030	3,548
Hong Kong	181	180	148	172	182	417	674
U.S.S.R.	3	57	*	73	267	299	266
E. Germany	32	65	78	142	89	263	579
Sweden	44	33	76	91	133	122	169
Others	106	183	236	240	360	468	653
Total	10,430	11,608	10,324	14,634	13,367	12,414	18,709

Source: Statistics Canada

Origin and Variety of Imports

Most Canadian imports originate in M.F.N. countries, with Britain being virtually the only B.P. supplier. Between 1967 and 1971, imports from M.F.N. countries accounted for 88 per cent of the cameras and 94 per cent of their value for duty; imports from B.P. countries were 11.4 per cent of the numbers and 5.4 per cent of the value for duty; the German Democratic Republic, which exports to Canada over the General Tariff, accounted for about one to two per cent of the numbers and from one to three per cent of the value of the imports in recent years.

In the three years, 1969 to 1971, the United States accounted for 47 per cent of the numbers and for 49 per cent of the total value, of the still cameras imported into Canada. Japan was the other major supplier, with 22 per cent of numbers and 31 per cent of the value of imports, 1969 to 1971. Other important suppliers include Great Britain, the German Democratic Republic and Hong Kong, each of which accounted for between six and nine per cent of the cameras imported and for five per cent, seven per cent and two per cent, respectively, of the total value of imports in this period. The above five countries, together, supplied 92 per cent of the total number and 94 per cent of the value of the still cameras imported in Canada, in the three years, 1969 to 1971.

The relative importance of foreign suppliers varies from year to year, in respect of both the quantity and the value of imports. These changes frequently involve special circumstances some of which are known only by those who follow market developments closely; others are more widely known. Imports from the United States increased very substantially in 1965 and 1966 and also in 1970. The 1965 and 1966 increases are attributable to imports of the newly-introduced, low-priced Polaroid Swinger camera and of cassette cameras designed to use flashcubes, marketed for the first time in 1965. The substantially increased imports from the United States in 1970, probably reflect imports of cassette cameras designed to use the mechanically-ignited flashcubes; Canadian production of such cameras began about a year later.

The changing relative importance of foreign suppliers is also suggested by the earlier comments regarding the 1972 imports and the extent to which the 1972 pattern departed from the 1969 to 1971 averages. As noted, Britain and Hong Kong accounted for a large proportion of the increase in the volume of imports in 1972; the rise in the value of imports from Japan and the United States was also very substantial although the volume of imports did not change greatly between 1971 and 1972. Because the cameras originating in Britain and Hong Kong have much lower unit values than those imported from Japan and the United States, their effect is more apparent in relation to the volume than to the value of imports. A comparison of the distribution of imports in 1971 and 1972 with average imports in the three-year period, 1969 to 1971, is given in Table 2-4.

Table 2-4: Still Cameras, Percentage Distribution of Imports by Principal Country of Origin, Average 1969-71, 1971 and 1972

	Per Cent of Numbers			Per Cent of Value		
	<u>1969-71</u>	<u>1971</u>	<u>1972</u>	<u>1969-71</u>	<u>1971</u>	<u>1972</u>
U.S.A.	47.2	27.7	17.4	49.2	29.2	28.1
Japan	21.7	30.6	23.9	31.4	43.4	37.7
W. Germany	9.4	3.5	1.0	6.6	6.4	2.7
Britain	7.7	16.0	32.2	4.6	8.3	19.0
Hong Kong	6.2	7.7	15.2	1.9	3.4	3.6
U.S.S.R.	2.7	3.8	2.2	1.6	2.4	1.4
E. Germany	1.1	1.9	2.0	1.2	2.1	3.1
Sweden	0.1	0.1	0.1	0.9	1.0	0.9
Others	3.9	8.7	6.0	2.6	3.8	3.5
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: Derived from Statistics Canada import data

Imports from Japan have been displacing imports from the Federal Republic of Germany for several years. However, the sharp decline in the number of cameras originating in the Federal Republic of Germany and the very sharp rise of imports from Japan, in 1971 and 1972, involve other factors as well; as will be seen from Table 2-6 the unit value of Federal Republic of Germany cameras rose from \$17 in 1970 to \$50 in 1971 and \$68 in 1972, while the unit value of imports from Japan declined from \$45 in 1970 to \$38 in 1971; these figures suggest significant changes in the kinds of cameras exported by these countries to Canada. The rise in the unit value of imports from Japan in 1972 is partly obscured by changes in the exchange rates.

Most countries which supply the Canadian market export cameras of a variety of types and price ranges. However, between 1964 and 1967, a large part of the exports from Hong Kong were of very low-priced cameras with average unit values of 53¢ per camera in 1965 and of \$1.26 per camera in 1967; the much lower unit value of imports from Hong Kong, in 1972 compared with 1971, suggests that very low-priced cameras again constituted a substantial proportion of the number entered. Most of the exports from Sweden were probably of the Hasselblad, a high-priced, precision, single-lens reflex.

Imports of still picture cameras, by type, are not reported in the Canadian statistics. However, the export statistics of some of Canada's principal foreign suppliers provide some information in this regard. This is set out in Table 2-5.

Table 2-5: Exports of Still Cameras to Canada, by Main Type(a) and Country of Origin, 1968-71

	Japan		West Germany		U.S.A.	
	35 mm.	Other	35 mm.	Other	Fixed Focus	Variable Focus
			- thousand cameras -			
1968	56.0	11.1	53.0	3.3	17.4	88.5
1969	70.3	21.7	56.8	14.7	14.2	179.8
1970	74.4	7.4	51.6	7.4	19.6	202.7
1971	122.1	15.0	6.3	0.2	4.5	61.1
- thousand dollars -						
1968	2,890	313	630	52	102	1,722
1969	3,654	367	692	146	95	3,679
1970	3,776	221	600	100	129	2,401
1971	5,637	293	400	48	27	1,457
- unit value in dollars -						
1968	51.59	28.13	11.89	15.87	5.85	19.45
1969	51.97	16.93	12.19	9.94	6.69	20.47
1970	50.74	29.98	11.62	13.44	6.58	11.84
1971	46.18	19.58	63.91	263.21	5.96	23.84

(a) Excludes special types such as aerial survey cameras and cameras designed for use with microscopes

Source: Export statistics of countries shown

A very large proportion of the Canadian imports from Japan and the Federal Republic of Germany are of cameras which use 35 mm. film. The United States produces few, if any, 35 mm. cameras and exports to Canada from that country consist mainly of Polaroid cameras, instant-loading types produced by companies other than Eastman Kodak, and the higher-priced Instamatics not made in Canada. The large-format Polaroid cameras probably account for most of the variable-focus cameras reported in the United States export statistics; the small-format instant-loading cameras would be mainly fixed focus. The unit values of "other" cameras exported to Canada from Japan and, in most years, from the Federal Republic of Germany, suggest that these exports include instant-loading types. The unit values of the fixed focus cameras exported by the United States suggest that such cameras consist mainly of instant-loading types and the lower-priced Polaroid cameras.

Unit Value of Imports

As noted above, the average unit values of the cameras imported cover a very broad range. For example, Table 2-6 indicates that in 1972 the average unit value of the cameras imported from Hong Kong was \$6.00, of those imported from the United States \$40.89, and those originating in Sweden \$256.45. The average unit value of imports from the same country may also vary considerably over the years. Cameras imported from Hong Kong had an average value of \$1.26 in 1967, \$5.01 in 1969 and \$11.76 in 1971; in the period 1967 to 1972, cameras

imported from the United States ranged from a low of \$23.74 per unit in 1970 to a high of \$51.09, in 1967. The differences in unit values from the same country and as between countries reflect the kinds of cameras being manufactured in particular countries and the product-mix imported into Canada in specific years.

The average values for duty of the cameras imported into Canada reflect the very large variety of the imports. Most of the imports would be entered at the M.F.N. rate of 15 p.c., under tariff items 46205-1 and 46210-1. Their landed costs, including freight and duty but excluding sales tax, would be about 19 per cent higher than shown in Table 2-5; their average selling price, at retail, would be nearly 2.5 times their value for duty. For example, the average retail price of the Swedish cameras imported in 1971 would have been about \$650, each.

The suggested retail list prices of the five Instamatic cameras produced by Kodak Canada in early 1972, ranged from \$11.95 to \$71.25; had they been imported under the M.F.N. Tariff their estimated respective values for duty would have ranged from approximately \$4.50 to \$26.90.

Table 2-6: Still Cameras, Average Unit Value for Duty,
by Principal Country of Origin, 1967-72

	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
	- dollars per unit -					
U.S.A.	51.09	40.73	38.83	23.74	28.28	40.89
Japan	32.42	39.40	43.51	44.57	38.12	40.06
W. Germany	14.04	14.36	14.96	17.39	49.68	68.45
Britain	8.87	12.19	20.22	41.11	13.91	14.91
Hong Kong	1.26	2.23	5.01	10.05	11.76	6.00
U.S.S.R.	35.83	57.75	21.61	15.90	17.05	16.15
E. Germany	31.85	32.20	35.08	38.85	30.47	39.18
Sweden	300.15	275.50	338.93	346.14	268.82	256.45
Others	<u>127.20</u>	<u>69.20</u>	<u>32.31</u>	<u>47.70</u>	<u>11.58</u>	<u>14.74</u>
All Countries	20.55	28.05	32.33	26.78	26.86	25.33

Source: Derived from Statistics Canada import data

A comparison of the average unit values in Tables 2-5 and 2-6 indicates that fairly expensive special types of cameras constituted a significant proportion of the total imports from the Federal Republic of Germany in 1971 and 1972. This is even more evident in the case of the United States, from a comparison of the average values of the imports in the two tables. The unit value of Japanese exports, in Table 2-5, are fairly consistent with the Canadian import data, in Table 2-6.

Competitive Imports

On the average, over the three years 1969 to 1971, Canada's principal foreign suppliers of cameras, the United States and Japan, together, accounted for nearly 70 per cent of Canada's total volume of imports and for more than 80 per cent of the value of imports. Other suppliers of significance include Britain, the Federal Republic of Germany and Hong Kong.

In order to examine the competition which the cameras exported by those countries to Canada might have offered to Canadian production, the unit values for duty, as shown in Table 2-6, were converted to the estimated retail list prices. The results are shown in Table 2-7. All the cameras assembled in Canada and most of the cameras imported into Canada would be sold to hobbyists, at retail. Thus, the competition faced by Kodak Canada occurs at the retail level when a Canadian consumer is shopping for a camera. The average prices given in Table 2-7 apply to a product-mix of many different kinds of cameras, but they would be broadly representative of the retail prices of cameras imported from the five countries shown.

A comparison of the list prices of the Canadian-made cameras with the averages calculated in Table 2-7 suggests that very few Japanese cameras would provide competition for the domestic products; this is supported by other information regarding the kinds of cameras originating in Japan. It is also supported by the fact that the United States exports large numbers of Instamatics to Japan. Comparing the estimated average retail list price of the Canadian cameras, of \$22, with the averages for the imports from the Federal Republic of Germany and the United States, given in Table 2-7, suggests a similar conclusion.

Table 2-7: Estimated Average Retail List Prices in Canada
of Cameras Imported from Selected Countries,
1966-72

<u>Country of Origin</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
	- dollars per unit -						
Britain	28	19	26	42	86	29	31
Hong Kong	2	3	6	13	27	31	16
Japan	82	86	104	115	118	101	106
W. Germany	67	37	38	40	46	132	181
U.S.A.	80	135	108	103	63	75	108

Source: Derived from Statistics Canada import data

The imports from Hong Kong include many very cheap cameras, as indicated by the estimated retail list prices of \$2, \$3, and \$6 in 1966, 1967 and 1968, respectively. They also include much higher-priced Japanese brands purchased by Canadian dealers from Hong Kong rather than from authorized Canadian distributors, as well as at least one major Japanese brand of 35 mm. cameras, which is made in Hong Kong

to take advantage, it is said, of lower labour costs. Thus, although the average estimated list prices of cameras imported from Hong Kong suggest that they are competitive with Canadian-made products, and no doubt some are, most of the cameras originating in Hong Kong appear to consist of both extremely low-priced cameras and much higher-priced 35 mm. units, neither of which would be directly competitive with Canadian products. The mix of imports of these two kinds of cameras varies a good deal from year to year, thus explaining the fluctuations in the average unit value of imports from Hong Kong. No particular concern was expressed in the submissions to the Board regarding the relatively low-priced imports from Hong Kong.

The estimated average retail list prices in Canada of still cameras imported from the Federal Republic of Germany have been increasing since the mid-1960's; they were three to four times higher in the early 1970's than in the late 1960's. The average list prices of the variable focus cameras exported by the United States in recent years are also substantially higher than even the highest-priced still cameras made in Canada and few of the imports from either the Federal Republic of Germany or the United States would compete with the Canadian-made products.

Imports from Britain are mainly still cameras which, for duty purposes, have been considered to be of a class or kind not made in Canada. They include Polaroid cameras exported from Britain rather than the United States to take advantage of the lower B.P. rate of duty on the smaller-format models. The imports also include British models of the Instamatics, purchased from wholesalers in the U.K. Both types of cameras are competitive with cameras assembled in Canada. However, imports from Britain accounted for less than five per cent of the total value of the estimated Canadian demand, 1969 to 1971.

What significant competition there might be from imports, would have to come from Japanese and United States cameras which, together, accounted for 69 per cent of the numbers and 81 per cent of the value of imports, 1969 to 1971 (Table 2-4). The estimated average retail prices, in Canada, of cameras imported from the United States, in those years, were from three to five times as high as the average retail list price of Canadian-made cameras. Thus, although the United States exports to Canada include cameras which compete directly with the Canadian production, a large proportion would consist of relatively expensive Polaroid cameras and the higher-priced models of Instamatics not made by Kodak Canada, as well as a significant number of relatively expensive, special types of still cameras. The fixed focus cameras, exported to Canada from the United States, would probably compete directly with Kodak Canada products. In the period 1969 to 1971, United States exports of such cameras to Canada averaged 13,000 units per year, valued at \$80,000; this is less than two per cent of the quantity and less than one per cent of the value, of total Canadian demand in that period.

The estimated average retail prices of cameras imported from Japan between 1969 and 1971 were from about five to six times as high as the estimated average retail price of the cameras assembled in Canada in those years. In fact, the estimated retail prices of the imports from Japan were about 1.5 times the retail list price of the highest-priced Instamatic assembled in Canada in that period. Thus,

it would appear that imports from Japan consist mainly of precision-built cameras whose complexity and price would preclude them from being substitutable in the Canadian market for the relatively simple, fixed focus cameras made in Canada.

The principal competition to Canadian production appears to be the relatively small numbers of fixed focus cameras imported mainly from the United States, instant-loading cameras originating in other countries, and the lowest-priced models of 35 mm. and other types of cameras which may be substitutable for the Canadian products.

Some of the 35 mm. cameras imported from the Federal Republic of Germany are within the price range of Canadian cameras but the unit value of imports from this country, has risen sharply in the past few years. Moreover, imports from the Federal Republic of Germany have been declining and totalled only 7,300 cameras in 1972.

Some of the cameras imported from Hong Kong probably compete with Canadian-assembled cameras, but their number appears to be small; in years when the volume is large, a large proportion of the imports appears to consist of very cheap cameras which would not be competitive.

Most of the imports from Britain are of Polaroid and Instamatic cameras. The lower-priced Polaroid cameras originating in Britain may be substitutable for Kodak Canada products; the British Instamatics would be directly competitive.

The preceding analysis is based largely on averages which apply to a variety of products of different designs and covering a wide range of prices, supplemented by other information made available to the Board. Nevertheless, a close examination of the unit value data in conjunction with the volume and value of the imports from individual countries supports the conclusion that most of the Canadian imports consist of still cameras which are not directly competitive with, nor substitutable for, Canadian products.

TARIFF CONSIDERATIONS

The Items and Their Relative Importance

Approximately 90 per cent of the value of all imports of still picture cameras is entered under three of the twenty tariff items specifically referred to the Board, namely items 46205-1, 46210-1 and 46215-1. The full text of these items is reproduced below. Most of the remaining imports are classified under items 69605-1 and 41205-1, which were not specifically referred to the Board: the first generally provides free entry for still picture cameras of a class or kind not made in Canada entered by specified institutions; item 41205-1 provides free entry for certain specialized cameras used in connection with printing.

Tariff Item 46205-1

Cameras, n.o.p., of a class or kind made in Canada; complete parts thereof

7½ p.c., B.P.

15 p.c., M.F.N.

30 p.c., General

Tariff Item 46210-1

Cameras, n.o.p., of a class or kind not made in Canada;
complete parts thereof

5 p.c., B.P. 15 p.c., M.F.N. 30 p.c., General

Tariff Item 46215-1

Cameras and parts thereof for making negatives or positives
three and one-quarter inches by four and one-quarter
inches or larger, including carrying cases therefor

Free, B.P. Free, M.F.N. 10 p.c., General

During the three-year period, 1969 to 1971, the value of imports of still picture cameras, under those three specifically-referred items, averaged about \$12 million per year, 92 per cent of which entered under tariff items 46210-1 and 46215-1.

It is estimated that imports of still cameras under items not specifically referred to the Board amounted to less than \$1.5 million, the bulk of which was imports under items 69605-1 and 41205-1. Other possible tariff items, which are relatively unimportant in terms of imports, include 43160-1 (parts of geophysical precision instruments or equipment), 46200-1 (parts of photographic instruments, n.o.p.), and 47600-1 (X-ray apparatus).

Based on value, approximately 94 per cent of the imported cameras originated in M.F.N. countries, slightly less than five per cent in B.P. countries (mainly Britain), and about one per cent in the German Democratic Republic whose exports are subject to the rates of the General Tariff.

The Submissions Presented to the Board

The submissions presented to the Board, orally and in briefs, included tariff proposals regarding the nomenclature and rates of duty which would apply to photographic equipment. In addition, interested parties made general representations to the Board which generally related to photographic equipment as a whole rather than to specific products.

The section which follows deals with the general representations and is followed by an analysis of the tariff proposals and their implications.

The General Representations

The Canadian Photographic Trade Association's representations were mainly of a general nature. In brief, the Association contended that:

1. Canadian manufacturers have enjoyed the benefits of a relatively high tariff for a considerable time and have grown and prospered; therefore, they no longer need the same degree of protection as was necessary many years ago, when they were becoming established.
2. The tremendous growth of the photographic equipment industry has resulted largely from the increased purchases of such equipment by the general public; the interests of the Canadian consumer should be taken into consideration, particularly in those cases where the duty applies to equipment which is not made in Canada.
3. If the articles are neither made nor likely to be made in Canada, in the foreseeable future, they should be dutiable at reduced rates.
4. The Customs Tariff should distinguish between photographic equipment used by professional photographers, in the broadest sense, and that used by amateurs; the professional equipment should be subject to lower rates. Rates of duty which apply to equipment used by non-professionals should be reduced, but not to Free as for equipment used by professionals.
5. Parts used in the manufacture of photographic equipment should be imported free of duty.

The C.P.T.A.'s representations were mainly concerned with the M.F.N. rates, presumably because most imports are entered under those rates. In general, the Association did not recommend any changes in the B.P. or General rates. However, where more than one existing B.P. rate applied to the goods covered by a proposed tariff item, the Association tended to choose the lowest B.P. rate which applied under the existing items. The same approach was used in choosing the General rate for the proposed items.

The C.P.T.A. spokesman urged that the established Canadian manufacturers had no automatic right to protection for the photographic equipment which they produce and might well no longer require the protection they were enjoying. The Association pointed out that its proposals were not intended to disrupt Canadian manufacturing and it was proposing free entry for all parts, finished, semi-finished and unfinished, for use in the manufacture of photographic equipment in Canada, in order to offset its proposed reductions in the rates on the equipment. Its spokesman also said that its proposals should be regarded as a "package", in that changes in the rates on parts should bear a direct relationship to the changes in rates on finished products.

While the spokesman for the Association expressed optimism about the expansion of Canadian manufacture, he said he recognized the difficulty of engaging in the production of products currently supplied by foreign manufacturers.

He expressed the opinion that many kinds of photographic equipment were unlikely to be made in Canada, even with a protective tariff, because of the small size of the Canadian market and the anticipation of higher costs of production and distribution in Canada compared with those in the United States. He noted that foreign manufacturers have developed a Canadian demand for their goods at the prices at which their products are currently available in Canada. He suggested that Canadian costs might be sufficiently higher than foreign manufacturers' costs, and prices sufficiently higher as a consequence, as to reduce the potential Canadian demand. In his view, a reduction in the existing rates of duty would result in lower prices and would be reflected in a larger volume of sales of Canadian photographic equipment as well as of imported equipment, because of the broader demand which would be developed for a greater variety of products.

In further support of reduced rates on equipment, the Association said that increasing costs have tended to put more sophisticated equipment beyond the reach of the consumer and have imperilled the position of the importer-distributor. The C.P.T.A. said that reductions in duties would be reflected in reduced prices and a consequent increased volume of sales, or, at least, would obviate the need for a price increase.

The brief of the Professional Photographers of Canada (P.P.O.C.) noted that cameras are a professional photographers's basic tools but are very expensive and are made even more expensive because they are taxed at "luxury rates". It claimed that the benefit of tariff item 46215-1, which provides for free entry of cameras designed for large-format negatives, "has disappeared since nearly all professionals now use cameras which are smaller than the stated size $\sqrt[3]{\frac{1}{4}}$ " by $4\frac{1}{4}$ " and are not different from those in general use by amateurs in any definable way." The group urged that because they are not available from Canadian manufacturers, all professional cameras must be imported and that free entry for them would make it possible "to acquire more and better equipment thereby improving the quality of their work and putting them in a better competitive position vis-à-vis foreign photographers who are now taking a small but increasing share of the commercial photography business in Canada."

The P.P.O.C. spokesman said "since ... the basic tool of the professional has become the small camera, the 35 mm. camera or the small reflex camera ... the professional does not get the benefit of the lower rate that was intended to apply to his cameras" by the provisions of tariff item 46215-1. He claimed that the higher cost of the equipment is reflected in higher prices charged by Canadian professionals relative to those charged by United States professional photographers and had resulted in the loss of catalogue and advertising work to United States photographers. He informed the Board that the P.P.O.C. represented 2,000 members but that the total number of professional photographers in Canada was greater.

The case put forward by Kodak Canada related to the entire range of cameras and projectors produced by the company in Canada, including certain equipment designed for the educational and audio-visual market. The bulk of the company's Canadian production consists of still cameras and, to a lesser extent, slide projectors.

The company recommended that, with some modifications, current rates of duty be maintained to protect its Canadian manufacturing operations. The company indicated that it would have no objection to modification of existing items in a way which would not affect the protection available to it. Its spokesman conceded that the protection for its products would be increased if the duty it paid on parts were reduced, and the existing rates on its products remained unchanged; and he emphasized that it "would certainly like to have as much protection as it has now, perhaps not exactly in ... the same manner."

A spokesman for the company said:⁽¹⁾

"..., we have enjoyed wide acceptance of our products in the consumer markets area and ... have devoted capital investment ... to enable us to manufacture photographic equipment in Canada. This is a continuing effort strongly influenced by potential sales volume. A venture into new areas is influenced also by the continued success achieved in the manufacture of the 'bread and butter' items such as cameras and projectors. This is only possible under the umbrella of an adequate tariff schedule."

The company's spokesman summarized its position, saying,⁽²⁾

"Kodak Canada considers the protection which it has enjoyed in relation to those manufactured articles is necessary for the continuation of its operations and it is anxious that the protection be continued in a manner which will allow the manufacturing operation to be maintained in a manner helpful to the Canadian economy."

and, later,

"we enjoy and need certain tariff rates to maintain the successful and profitable operations in Canada."

Subsequent to the hearing, the company agreed with the C.P.T.A. proposals for a reduction from 15 p.c. to 10 p.c., M.F.N., on still picture cameras and for free entry for parts for the manufacture of still cameras.

The brief of Toronto Star Limited took a similar position as the P.P.O.C. with regard to the obsolescence of existing item 46215-1. The brief noted that as the quality of film improved and new developing and printing techniques were evolved, a much smaller negative could be used without loss of clarity or detail. Toronto Star Limited claimed that "today the standard equipment of a professional photographer is ... a 35 m.m. single or double lens reflex, or other compact camera ... using a variety of film sizes including 35 m.m., 70 m.m., 120 61 mm. and 220 61 mm. film ..." ⁽³⁾ The brief urged that a reduction of the duties which apply to the cameras now used by newspapers would permit them to "up-date an essential part of their production equipment and receive the same treatment as is allowed on equipment used formerly,

(1) Transcript, Volume 5, p. 716, 717

(2) Transcript, Volume 5, p. 819, 823

(3) Transcript, Volume 7, p. 1113

but which, as far as the newspapers are concerned, has been replaced by more efficient modern equipment."(1)

Berkey Photo (Canada) took the position that the size of the Canadian market necessitated relatively small production runs and consequent higher costs than in the United States and other countries and, as a result, that Canadian manufacturers required some protection on their end-products and some assistance through free entry of parts. However, Berkey Photo urged that free entry should be limited to those parts not available from Canadian suppliers. The company considered that attempts to differentiate between amateur and professional equipment were unrealistic and likely to lead to confusion; it urged that tariff items be worded simply and clearly to avoid costly delays of goods at Customs.

In a letter to the Board, dated June 18, 1971, Polaroid Corporation supported its request for free entry for Polaroid cameras, in the following terms:

"In Polaroid's particular circumstances tariffs become an unproductive element of cost that protects no one, least of all Polaroid, and only contributes to the cost of imported components. This in turn must be reflected in the price, which is borne by the ultimate consumer. In making this statement let us hasten to make it clear that Polaroid Corporation does not wish to suggest that other manufacturers should be denied their privilege of seeking tariff protection. On the contrary, Polaroid fully respects their position but wishes to emphasize that their products are totally dissimilar and may therefore warrant a different tariff approach."

The Tariff Proposals and Their Implications

The general tariff issues raised by this Reference, including those relating to the tariff structure and nomenclature, are dealt with in Chapter 8 of this Report; this section deals only with those issues and proposals which relate specifically to still picture cameras.

Proposals regarding the wording and rates of duty of tariff items relating to still cameras were made to the Board by manufacturers, importers, distributors and users. The Canadian Photographic Trade Association (C.P.T.A.) proposed that the wording of tariff items be based on the Brussels Tariff Nomenclature (B.T.N.). It submitted a schedule of tariff items, derived from the B.T.N., and urged that the relevant Explanatory Notes should be adapted to Canadian usage, as required. Proposals made by other interested parties also provided for comprehensive tariff changes.

The discussions at the public hearing resulted in the general acceptance of the nomenclature proposed by the C.P.T.A. for the tariff items which apply to photographic equipment; this broad and general acceptance related only to the wording used in the proposed C.P.T.A. tariff items.

(1) Transcript, Volume 7, p. 1114

A variety of other proposals were made to the Board with regard to cameras, all of which related to particular kinds of cameras and to the rates of duty which should apply to the equipment in which the various parties were interested. Many of these proposals and the discussion which they generated, were useful in clarifying definitions and issues.

The proposals agreed to by the manufacturers, importers, and distributors of photographic equipment were designed to maintain distinctions between still cameras made in Canada and those not made in Canada, and between still cameras for professional use and those for amateur use.

In these proposals, cameras of a class or kind made in Canada would be distinguished from those not made in Canada, on the basis of whether or not they were designed to use interchangeable lenses, thus avoiding the use of the phrase "of a class or kind" in the wording of the proposed tariff items. Cameras now being made in Canada are not designed for interchangeable lenses.

The maximum film-width for which a camera is designed was proposed as the basis for distinguishing between cameras for professional and for amateur use: cameras using film less than 61 mm. (2-7/16") in width would be regarded as for use by amateurs while cameras using film 61 mm. or more in width would be assumed to be for professional use. This is similar to the basis of distinction in existing tariff item 46215-1, which provides for cameras for professional use by specifying a minimum negative size 3 $\frac{1}{4}$ " by 4 $\frac{1}{4}$ " to qualify for entry under this item.

The tariff item which was proposed to provide for cameras for professional use would apply to many models of Polaroid cameras in addition to larger-format conventional cameras used by professional photographers. To overcome this, an additional new item was proposed to apply to all cameras which provide for development of the film within the camera (in-camera processing) and are capable of producing a finished print within seconds or minutes of taking a picture. This additional tariff item would provide for Polaroid types of cameras more specifically than would an item covering simply cameras using film 61 mm. or more in width.

To date, most in-camera processing cameras are made by Polaroid, but Eastman Kodak and Berkey Photo in the United States, as well as some Japanese manufacturers, are entering this field. The item which was proposed to cover Polaroid types of cameras was worded so that it would also apply to automatic, coin-operated cabinet cameras.

Polaroid Corporation was concerned that the rates which were proposed for its cameras would make all imported Polaroid cameras dutiable at 10 or 15 p.c. No Polaroid cameras are made in Canada. Under the existing items many models of these cameras are entered under item 46215-1, free of duty under both the B.P. and M.F.N. Tariffs; most of these cameras originate in the United States and are entered under the M.F.N. Tariff.

The proposals of professional photographers were presented by the Professional Photographers of Canada (1970) Inc. (P.P.O.C.), which urged that a separate tariff item be created to permit the entry into Canada, free of duty, of all cameras and a designated list of accessories and photographic equipment purchased for use in the practice of professional photography.

The group also proposed that:⁽¹⁾

"If the Board cannot recommend that cameras and photographic equipment for professional use be admitted without payment of duty, it is requested ... that the rate of duty applied to the importation for professional use be 25% of that applied to importation for non-professional use."

Toronto Star Limited proposed free entry under the B.P. and M.F.N. Tariffs and 10 p.c. under the General Tariff for cameras,

"solely for industrial and commercial use, to include cameras for making negatives and positives 3 $\frac{1}{4}$ " by 4 $\frac{1}{4}$ " or larger, 35 mm., reflex, cartridge and instant loading, and Polaroid type ..."⁽²⁾

This description is obviously broad enough to cover all cameras used by professional photographers.

W. Carsen Co. Ltd., Toronto, a distributor which claimed to be the only importer of photographic equipment from the German Democratic Republic, proposed that any reductions in the M.F.N. rates should be accompanied by reductions of the same proportions in the rates under the General Tariff, so as not to weaken the company's existing competitive position. The company's main interest was in still cameras and lenses.

The rates of duty which would apply under the existing relevant tariff items and those proposed by manufacturers, importers, distributors and professional photographers are tabulated in Table 2-8, according to the general classifications of still picture cameras proposed by the C.P.T.A. As noted above, the proposals of the professional photographers and Toronto Star Limited were general in nature and did not involve the classification of cameras for professional use according to the groupings used in the table.

⁽¹⁾ Transcript, Volume 7, p. 1055, 1056

⁽²⁾ Transcript, Volume 7, p. 1112

Table 2-8: Comparison of Existing Rates of Duty With Those Proposed for Still Picture Cameras^(a)

1. Maximum film-width less than 61 mm. (2-7/16")

(a) No provision for interchangeable lenses

	<u>B.P.</u>	<u>M.F.N.</u> ^(b)	<u>General</u>
Tariff item 46205-1 (made in Can.)	7½ p.c.	15 p.c.	30 p.c.
Tariff item 46210-1 (not made in Canada)	5 p.c.	15 p.c.	30 p.c.
C.P.T.A. ^(c)	7½ p.c.	10 p.c.	30 p.c.
Kodak Canada	7½ p.c.	15 p.c.	30 p.c.
P.P.O.C. ^(d)	Free	Free	Free
Toronto Star Ltd. ^(d)	Free	Free	Free

(b) With provision for interchangeable lenses

Tariff item 46210-1 (not made in Canada)	5 p.c.	15 p.c.	30 p.c.
C.P.T.A. ^(c)	5 p.c.	7½ p.c.	30 p.c.
Kodak Canada	5 p.c.	15 p.c.	30 p.c.
P.P.O.C. ^(d)	Free	Free	Free
Toronto Star Ltd. ^(d)	Free	Free	10 p.c.

2. Film-width 61 mm. (2-7/16") or more

Tariff item 46215-1 (professional use)	Free	Free	10 p.c.
Tariff item 46210-1 (not made in Can.)	5 p.c.	15 p.c.	30 p.c.
C.P.T.A. ^(c)	Free	Free	10 p.c.
P.P.O.C. ^(d)	Free	Free	Free
Toronto Star Ltd. ^(d)	Free	Free	10 p.c.

3. Cameras providing for in-camera processing of film; portable or cabinet type of cameras which provide for automatic processing

Tariff item 46215-1 (professional use)	Free	Free	10 p.c.
Tariff item 46210-1 (not made in Can.)	5 p.c.	15 p.c.	30 p.c.
C.P.T.A. ^(c)	7½ p.c.	10 p.c.	30 p.c.
Kodak Canada	7½ p.c.	15 p.c.	30 p.c.
P.P.O.C. ^(d)	Free	Free	Free
Toronto Star Ltd. ^(d)	Free	Free	10 p.c.

(a) Based on classification proposed by the C.P.T.A. Only the principal items which would apply are listed. The table also excludes: the proposal of W. Carsen Co. Ltd., already noted in the text, regarding rates under the General Tariff; and the proposal by Berkey Photo for rates of 5 p.c., B.P., 15 p.c., M.F.N., and 30 p.c., General, for all cameras.

(b) The rates shown are those in effect prior to the Budget of February 19, 1973.

(c) No distinction as to use, or whether or not of a class or kind made in Canada.

(d) When purchased for use in the practice of professional photography.

In the paragraphs which follow the Board analyzes the tariff proposals set out above, and draws the implications as it sees them.

As regards the basis of differentiation between professional and amateur still cameras, it was proposed by the C.P.T.A. and accepted by Kodak Canada, that the dividing line be 61 mm. Thus, the proposal would classify 35 mm. cameras as amateur equipment. However, the continuing improvements in the quality of the cameras, sensitized materials and in the methods of processing have led to the widespread use of 35 mm. cameras by professionals. This is clear from the submissions of the professional photographers, Toronto Star Limited and other sources. Indeed, in view of the continuing improvement of cameras and sensitized materials, professionals may very well adopt even the 16 mm. film-width for some assignments. The C.P.T.A. proposal would provide for free entry for cameras designed for film 2-7/16" (61 mm.) to 3 $\frac{1}{4}$ " in width; such cameras are not made in Canada and are now dutiable under tariff item 46210-1 at 5 p.c., B.P. and 15 p.c., M.F.N.

The differentiation between "made in Canada" and "not made in Canada" cameras, proposed by the C.P.T.A. and accepted by Kodak Canada, would be maintained, while avoiding the use of those phrases, by providing for still picture cameras designed for film of less than 61 mm. in width, in two tariff items: one would apply to cameras designed to use interchangeable lenses and the other to cameras which are not so designed. Such a basis of differentiation would still provide a means of maintaining some tariff protection for Canadian products against imports.

It is recognized that cameras which use interchangeable lenses are not now made in Canada. However, in an industry which has such a high rate of technological change it does not appear desirable to base a "made"/"not made" distinction on a particular element of design such as interchangeable lenses. In theory, another possible basis of distinction could be whether a camera provides for interchangeable backs. But, given the rate and scope of technological advance, such bases of differentiation can be considered rather precarious and could very well disappear at any time.

Furthermore, the proposal to replace existing tariff item 46205-1 with an item to cover cameras using film less than 61 mm. in width and not designed for interchangeable lenses, would in fact bring under the proposed item mostly cameras of a class or kind not made in Canada; only a small proportion of the imports under such a new item would be classified as of a class or kind made in Canada.

Those who proposed a separate item for the in-camera processing and automatic cabinet cameras assumed that Polaroid cameras, for example, are not used by professional photographers to any significant extent. However, the representations of the professional photographers and Toronto Star Limited indicated that such cameras are used by professional photographers in industrial and commercial work. Market surveys in the United States indicate very substantial sales of Polaroid equipment for use in such commercial applications as making identification cards, in recording instrument readings and in real estate sales promotion.

The proposed inclusion in a single proposed tariff item of automatic cabinet cameras which are unlike any other kind of still picture cameras, would classify such cameras with the hand-held types with which they have little in common.

Turning to the proposed rates of duty, the Board has noted that of the total value of imports under each of the principal items, imports under the M.F.N. Tariff were 92 per cent for item 46205-1, 95 per cent for item 46210-1 and 99 per cent for item 46215-1. During the period 1969 to 1971 Britain, virtually the only B.P. country which exported still cameras to Canada, accounted for less than four per cent of the total Canadian demand. There is no known significant production of directly competitive still picture cameras in any other B.P. country.

In general, free entry was proposed for professional cameras; the rates proposed for cameras of a class or kind made in Canada were higher than the rates proposed for cameras of a kind not made in Canada; and the rates of duty proposed for in-camera processing cameras were the same as those put forward for cameras of a class or kind made in Canada.

The implications of the proposed tariff wording and rates of duty, as summarized in Table 2-8, are discussed below.

1. The tariff proposal concerning small-format cameras (less than 61 mm.) not designed for interchangeable lenses, would include instant-loading types of cameras which would compete directly with the output of Kodak Canada, but it would also apply to imports of precision-made, 35 mm. cameras, costing much more than the highest-priced Canadian-made cameras and, therefore, would be unlikely to compete with the Canadian-made products. Thus, although this item was intended to apply to cameras of a class or kind made in Canada and the proposed M.F.N. rates of 10 p.c. (C.P.T.A.) and 15 p.c. (Kodak) were intended to provide protection for Canadian-made still cameras, the proposed rates would, in fact, apply to a large proportion of Canadian imports of all still cameras most of which would not compete directly with the still cameras made in Canada.

2. The M.F.N. rates proposed for the smaller-format cameras providing for interchangeable lenses (item 1(b) in Table 2-8), ranged from 15 p.c. (Kodak Canada), to $7\frac{1}{2}$ p.c. (C.P.T.A.) to Free (P.P.O.C. and Toronto Star Limited). Only a very small proportion of Canadian imports consists of such cameras and the better-known brands are priced, at retail, from \$200 to more than \$700, for a basic interchangeable-lens camera without supplementary lenses. The proposals of Kodak Canada and the C.P.T.A. would make these cameras dutiable at 15 p.c. or $7\frac{1}{2}$ p.c., M.F.N., although many are imported for use by professional photographers.

3. The C.P.T.A., the P.P.O.C. and Toronto Star Limited proposed free entry under the B.P. and M.F.N. Tariffs for still cameras designed to use film 61 mm. (2-7/16") or more in width. This item would replace existing item 46215-1, which provides for free entry for professional still cameras using film at least $3\frac{1}{4}$ " (about 82 mm.) wide. The principal effect of this proposal would be to reduce the minimum film size of cameras entitled to free entry from $3\frac{1}{4}$ " wide to 2-7/16" (61 mm.)

wide, thus exempting from duty more of the still cameras actually used by professionals.

4. The proposed M.F.N. rates of 10 p.c. (C.P.T.A.) and 15 p.c. (Kodak), for cameras providing for in-camera processing and for cabinet types (item 3 in Table 2-8), would apply to the two or three least-expensive Polaroid models, which might be substitutable for Kodak Canada cameras, but would also apply to Polaroid cameras two or three times the price of the most expensive camera assembled in Canada as well as to cabinet types which are quite dissimilar. The M.F.N. rates of 10 p.c. and 15 p.c. which were proposed for this item are the same as those proposed for item 1(a) in Table 2-8, which was intended to apply to cameras of a class or kind made in Canada. Thus the proposal would have the effect of imposing a duty of 10 p.c. or 15 p.c. on certain models of Polaroid cameras which now enter duty-free.

5. Although the B.P. rates are of much less significance than the M.F.N. rates in relation to the volume and value of imports, the proposals of the C.P.T.A. and Kodak Canada would increase the B.P. rate of duty from 5 p.c. to $7\frac{1}{2}$ p.c. on a large proportion of the B.P. imports. Most imports from B.P. countries are entered under item 46210-1 (cameras of a class or kind not made in Canada) at 5 p.c. However, because hardly any would provide for interchangeable lenses, they would be dutiable at $7\frac{1}{2}$ p.c. under item 1(a) in Table 2-8.

The Extent of the Competition from Imports

The question of which imported still cameras may compete with those assembled in Canada was dealt with in the section entitled "Imports" (see page 50). This section deals with the nature and degree of such competition.

The competition from imports of still cameras is encountered by only one Canadian maker, namely Kodak Canada. Generally this competition occurs at the retail level, where the bulk of the purchases are made. This competition would be based on such considerations as price, design, reliability, servicing, and confidence in the guarantee.

The importation of still cameras which compete directly with those assembled in Canada reduces the potential volume of sales and, consequently, of the output of domestic cameras. The effect of the directly competitive imports is to limit the length of runs of particular models of Canadian-assembled cameras and, therefore, to limit the extent of specialization and, thus, to contribute to higher unit costs of production.

Imports of cameras which are substitutable for those assembled in Canada would tend to have a similar effect on Canadian operations. Substitutable cameras would include 35 mm. and in-camera processing types whose retail prices were similar to those of domestic cameras. However, the substitution effect is not always clear. Whereas low-priced 35 mm. cameras compete with Canadian Instamatics, the degree of competition is uncertain. For example, a major factor in the market acceptance of the instant-load types of cameras, the Canadian Instamatics, was their simplicity of operation and their

consequent appeal to point-and-shoot photographers many of whom had never owned cameras previously; in contrast, even the simpler 35 mm. cameras cannot be used without making some adjustments. In addition, prices of 35 mm. cameras start at about \$65 whereas the highest-priced Canadian camera has a retail list price of \$77.50, and an estimated 80 per cent of the Canadian-made cameras would be sold at retail at less than \$32 per unit, about half the cost of even a cheap 35 mm. camera.

Imports which are clearly not competitive with cameras now assembled in Canada may also affect Canadian production by acting as a deterrent to the establishment of production facilities for such products in Canada. The acceptance of known imported brands of high-priced, specialized types of cameras by Canadian purchasers might deter a potential producer from engaging in their production in Canada because the relatively small domestic market for such cameras would have to be shared, at least initially, with the established imported brands.

The competitive factor which to a certain extent is measurable, is that of price. However, comparative price data are not available nor are comparative production costs and market information. Even if such data were available the task of measuring the extent of competition from imports on a broad model by model basis would be extremely difficult. This is all the more true as regards the competition from imports which new Canadian production of still cameras could be expected to encounter. Because the lack of appropriate data made it impossible to measure external competition with any reasonable degree of accuracy, the Board had to use average prices for analysis even though such averages cover a range of actual prices for a large number of models of cameras.

The products of Kodak Canada are aimed at a mass market and, as noted, only the less-complex and less-expensive models are assembled in Canada. The extent of the price competition encountered by the company's cameras is examined below.

Market surveys in the United States (such surveys are not available in Canada) indicate that more than 50 per cent of the sales of still picture cameras to consumers are priced at \$25 or less and that about 85 per cent of all sales are accounted for by cameras priced at less than \$50, at retail. Cameras costing more than \$100 appear to account for less than 10 per cent of all consumer purchases in the United States. Canadian consumers' purchases of still picture cameras probably follow a somewhat similar pattern of distribution, except for the effects of differences between the two countries in camera prices and per capita consumer expenditures. Taking these differences into account, it is probable that the lower-priced cameras are a larger proportion of Canadian consumers' purchases and the higher-priced cameras are a smaller proportion, than in the United States: thus the percentage distribution by price range of total purchases of still cameras in Canada, might be as follows:

Less than \$50 per camera	85%
\$50 to \$100	10%
Over \$100	5%

If Kodak's cameras encounter significant competition from imports in the domestic market, this would have to arise mainly from cameras originating in Britain, Japan, the United States and the Federal Republic of Germany. Imports from these four countries accounted for 86 per cent of the quantity and 92 per cent of the value, of all imports of still cameras, in the three years, 1969 to 1971. From the previous discussion, it seems clear, speaking generally, that apart from small numbers of cameras imported from the Federal Republic of Germany and Britain, most of the imports from the four countries listed above would be priced too high to be competitive with still cameras produced in Canada.

As noted on page 50, the estimated average retail list price of Canadian output, during the 1969 to 1971 period, was approximately \$22 per unit; in the same period the estimated average retail list prices of imports were \$35 for those from Britain, \$53 for those from the Federal Republic of Germany, \$110 for imports from Japan and \$79 for cameras from the United States. An examination of Canadian imports by tariff item and of the export statistics of the above four foreign suppliers, support the general finding that few cameras originating in those countries would compete directly with Canadian production.

Most of the remaining imports originate in the German Democratic Republic, Hong Kong and the U.S.S.R. The estimated average retail list prices of imports from these countries, 1969 to 1971, were \$98, \$24 and \$45, respectively. The estimated prices together with information regarding the kinds of cameras imported from these countries, suggest that imports from the German Democratic Republic and the U.S.S.R. are not directly competitive with Kodak Canada's output.

A large proportion of the cameras imported from Hong Kong are very inexpensive, with estimated retail list prices of less than \$5; between 1964, the earliest year for which such statistics are available, and 1968, almost all of the large number of cameras imported from Hong Kong consisted of these cheap cameras. Beginning in 1967, the numbers of cameras imported from Hong Kong declined very sharply and, at their low point, in 1970, were only seven per cent of the peak year, 1966. During the period of declining numbers, the average estimated list price in Canada, of the cameras imported from Hong Kong, increased very substantially, from less than \$2 per unit in 1965 to \$27 in 1970 and \$31 in 1971. In 1972, the number of cameras imported from Hong Kong again increased sharply and again the rise was accompanied by a substantial decline in the average list price.

These statistics indicate that imports from Hong Kong consist mainly of two general price groups of cameras. One of these price-groups appears to consist of very inexpensive cameras like those which accounted for almost all of the imports between 1964 and 1968; cameras in this price-group would have accounted for the very large numbers imported between 1964 and 1968 and also in 1972, and for a substantial proportion of the total in the three-year period 1969 to 1971. The other price-group is represented mainly by much more expensive 35 mm. cameras whose Canadian retail list prices begin at about \$65 or \$75. Discussions with industry representatives indicate that some of these are manufactured in Hong Kong; most of the remainder appear to be Japanese cameras imported from Hong Kong rather than purchased from Canadian distributors.

Thus, although the average estimated list prices shown in Table 2-7 suggest that imports from Hong Kong between 1969 and 1972, covered generally the same price range as Canadian-made still cameras, in fact, relatively few of the imported cameras would have been in this price range. The varying mix of the imports from Hong Kong results in average figures which are not representative of the imports and it is probable that only a small proportion of the total would compete with the still cameras made in Canada.

The foregoing indicates that there would be little price competition from most of the imports, apart from the substitution effects of sales of imported cameras in the lower price ranges. As regards cameras of similar design to those produced in Canada, most of the competition from imports would be from the instant-load types originating in the United States. As regards the extent of the competition relating to average prices, only imports from Hong Kong would appear to be of consequence, but, as already noted, no particular concern was expressed in the submissions and briefs received by the Board regarding the imports of still cameras from Hong Kong.

The Board has concluded that, broadly speaking, little competition exists for Canadian-produced cameras, on the basis of the average price of imported still cameras from the main foreign suppliers. Furthermore, there are other factors relating to the Canadian producer, Kodak Canada, which limit competition and, indeed, remove it in most cases. One important consideration is the technology available to the Canadian producer and which is reflected in the products which he has for sale.

It is generally accepted that the innovation and technological advances incorporated in the design and construction of the Canadian-made cameras has been a major factor in achieving their market success. And, although the new technology is developed by and is the property of the United States parent company, it is available to, and incorporated in, the products of the Canadian subsidiary. Another important factor which limits foreign competition in Canada is that the Canadian subsidiary is not subject to the competition from the parent company and from its other subsidiaries because each subsidiary has, in effect, an exclusive market territory.

The market success of the many innovative technological developments is universally recognized and the Canadian subsidiary benefited from them in many ways, including increased competitiveness. Reports published by the U.S. Department of Commerce, the U.S. Tariff Commission, investment dealers, and others, agree that the stream of innovations, beginning in 1963, reduced United States imports of cameras from Japan and Germany (among others), and increased United States exports of cameras. Furthermore, the innovations made obsolete many cameras owned by hobbyists, induced a great many persons to purchase cameras for the first time, and resulted in an enormous increase in the use of photographic film, sensitized paper, processing equipment and services, and sales of flashcubes.

The technological advances developed by Eastman Kodak are generally made available to others under licence and royalty arrangements when the advances are incorporated in market products. Of course, the payment of such fees to Eastman Kodak increases the costs

of competitors. It is interesting to note that although the cameras produced by other companies under licence are, at times, offered at lower prices than Kodak cameras, they appear to sell in much smaller volume than Kodak cameras in markets where both are available.

The limited competition for the still cameras assembled by Kodak in Canada is explained also by other, subjective factors relating to the buyer. These considerations make competition difficult for other potential suppliers of the Canadian market and relieve the competitive pressures on the Canadian company.

The extent to which subjective factors influence consumers' purchases of cameras are not known, but it seems certain that, to the degree that such factors as convenience of service and confidence in the guarantee are important, the products of Kodak Canada would have a distinct advantage over those of other manufacturers, whether in Canada or abroad. The price competition faced by the cameras produced in Canada would be tempered also by the degree to which a consumer considered the cameras produced by Kodak unique and, therefore, by the somewhat higher price he would be prepared to pay in order to obtain a Kodak Canada product in preference to a similar imported camera.

In general terms, the principal competition which the Canadian producer has encountered is as follows: Instant-loading cameras made by United States manufacturers other than Eastman Kodak; instant-loading cameras made in Japan and Hong Kong; Polaroid cameras made in Britain; 35 mm. cameras at the low end of the price range, imported mainly from Japan; and British-made Instamatics.

As the above suggests, Canadian-made cameras appear to encounter only limited direct competition from imports. The main reasons for this include the higher average unit values of most of the imported cameras relative to the prices of the Canadian-made products, the product differentiation arising out of the technological innovations of the past decade, the lack of competition from the parent company and its foreign subsidiaries, Canadian consumers' confidence in the company's products, and the convenience of obtaining service afforded by the large number of stores which handle the cameras.

The Arguments Relating to Protection

The tariff protection for cameras of a class or kind made in Canada was 20 p.c., M.F.N., just before the second world war; it was reduced to 19 p.c., M.F.N., on January 1, 1968, and to 15 p.c., M.F.N., on June 4, 1969. The M.F.N. rate is the most significant for the protection of Canadian production of cameras.

The case for lower rates of duty on still cameras was made by the C.P.T.A., the P.P.O.C. and Toronto Star Limited. The C.P.T.A. supported its case on three principal grounds: the Association felt that cameras not made, nor likely to be made in Canada, did not require the protection afforded Canadian-made products; it claimed that the Canadian company had enjoyed the benefits of a relatively high tariff for a long time and that it should no longer need the same degree of protection as when it was becoming established. Kodak Canada has been assembling cameras in Canada since 1902, according to its brief, so

that the claim by the C.P.T.A. that the company has had considerable time to become well established under the protection of the Customs Tariff, appears well founded. The Association also urged that it would benefit Canadian consumers to decrease duties, particularly for photographic equipment not made in Canada.

The P.P.O.C. and Toronto Star Limited urged that the quality and cost of commercial and industrial photography were affected adversely by the higher cost of equipment resulting from the existing duties. They proposed free entry for cameras for professional use and said none of the cameras made in Canada were suitable for such use.

The arguments advanced at the Board's hearings by Kodak Canada, to the effect that it requires tariff protection for its Canadian production appear to relate mainly to its cost of production, which it said, was higher in Canada than in the United States; presumably, the required tariff protection enables the company to charge higher prices in Canada in order to cover its higher costs of production.

The costs of production for certain Canadian models of cameras were made available to the Board, on a confidential basis. The Board was unable to obtain information on production costs in plants in other countries. Therefore, no comparisons could be made between the costs of production in Canada and elsewhere.

The Canadian market for still cameras, although relatively large, is smaller than the United States or British markets. Similarly the size of production runs might be assumed to be smaller in Canada than in countries with larger markets. However, the Board does not have hard information which would allow it to assess the importance, in the case of still cameras, of these two major considerations. On the one hand, it is known that the degree of specialization achieved by Kodak Canada, which has been producing only the eight or nine models which are in greatest demand in the sizeable Canadian market, would tend to throw some doubt on the assumption that the production runs in Canada are below what would be considered optimum size. On the other hand, other considerations point to higher production costs in Canada relative to the United States. For example, it is a fact that the parts used in the Canadian assembly operations are largely imported from the United States, mainly as complete parts; the average duty paid on parts for manufacture was said to be 10 p.c. Added to this is the cost of packing for export, freight and customs brokerage, together with the value added outside Canada in producing the finished and complete parts. Furthermore, some parts imported as complete parts are assembled in the United States and cost more in Canada than in the United States.

The company spokesmen claimed before the Board that its unit costs of the labour employed in assembly operations were as high in Canada as in the United States.

Thus, although the extent of the differences between the production costs in Canada and the United States are not known, Canadian costs would be higher for the reasons noted above.

Because almost all of the parts used in the assembly of Canadian still cameras are imported in the finished or complete form, their cost would be a much larger proportion of the total cost of production in Canada, than in the United States. According to statements made by company spokesmen, parts would account for 60 to 70 per cent, or more, of the value of the cameras, f.o.b. the Canadian plant (see discussion in Chapter 4). One effect of this situation is that the labour-content of the Canadian-assembled cameras is substantially less than it is in the United States. Another result is that the Canadian producer has little scope for reducing his production costs.

On the other hand, other factors are highly relevant to the position of Kodak Canada vis-à-vis other producers of similar types of still cameras. Kodak Canada is a wholly-owned subsidiary of Eastman Kodak, the largest manufacturer of photographic equipment in the world. As a result, the Canadian company has access to the huge resources of its parent, such as research and development, in technology, in finance and in marketing skills. Thus, in those and many other respects, the Canadian company is in a much more favourable position than other manufacturers wishing to produce still cameras.

Furthermore, if the company's production of cameras has increased at the same rate as imports in recent years, it has produced 80 per cent more cameras in 1971 than in 1964. Such an increase is not improbable in view of the great market success of Instamatic cameras. Indeed, the available information regarding developments in the United States market suggests that the demand for the kinds of still picture cameras assembled by Kodak Canada would have risen at a higher rate than the demand for the generally higher-priced, more complex cameras represented by a large proportion of the imports.

Therefore, during the more than 70 years that Kodak Canada has been assembling cameras in Canada, the size of the market has grown tremendously with a consequent increased demand for the company's products and very large increases in its production of cameras. The larger output and the degree of specialization attained can be expected to have given rise to economies of scale, lower unit costs of production and a higher degree of competitiveness.

Some Effects of the Duties on Still Cameras

Still cameras, other than the large-format types, became dutiable at 20 p.c., M.F.N. in 1939; before 1939 they were dutiable at 25 p.c., M.F.N. In 1948 the M.F.N. rate on cameras of a class or kind not made in Canada was reduced to 17½ p.c. and in 1956, to 15 p.c. Cameras of a class or kind made in Canada remained dutiable at 20 p.c., M.F.N., until 1968. The M.F.N. rate on such cameras was reduced to 19 p.c. in 1968, to 18 p.c. and then to 15 p.c. in 1969.

The effects of the duties on still cameras are many. They are considered below as follows: the effects on the prices of imported and of Canadian-made cameras and on the volume of sales; the cash "costs" and the "benefits" of the duties to Canadian consumers, to the producer, to distributors and retailers, and to the Treasury. A final section deals with the effect of the duties as an incentive to production in Canada.

Effect on Prices of Imported Cameras

The approximate effect of the existing duties on the retail prices of the imported cameras sold to Canadian consumers and to professional photographers is shown in the following table. Five cameras were used for purposes of illustration; taken together they represent a very large proportion of total imports of still cameras. The two SLR's would be used mainly by professionals or advanced hobbyists; the other three models would be purchased by amateurs.

Only the M.F.N. rate of 15 p.c. was used in the calculations because it is by far the most important in terms of the volume of imports. The calculations assume an importer-distributor's mark-up of 33.3 per cent. A retail mark-up of 50 per cent is taken to be included in the retail list price, but an average mark-up of 37.5 per cent is assumed at the retail level in order to allow for discounts and lower prices in clearance sales. The retail list prices used in the table were taken from a retail trade catalogue published in early 1973.

Table 2-9: Estimated Effect of Existing Duties on Prices of Selected Cameras Sold in Canada

	Made in Canada X25	Not Made in Canada			
		Low-priced	Med.-priced	35 mm.	No. 120
		35 mm.	35 mm.	SLR	SLR
		- dollars per unit		-	
Retail list price	38	84	143	626	945
Estimated selling price at retail:					
<u>A - With 15 p.c.</u>					
duty	35	77	131	574	866
<u>B - Free of duty</u>	30	67	114	501	756
Effect of duty on selling price (A-B)	5	10	17	73	110
Duty collected, at 15 p.c. rate (a)	2	5	8	35	53

(a) Amount of duty payable on value for duty, f.o.b. country of origin

It is apparent from the calculations in Table 2-9 that the 15 p.c., M.F.N. duty which now applies to most still cameras, is to increase their selling prices by substantial amounts. The effect of the duty is to increase the prices of the cameras by more than twice the amount of duty because the M.F.N. duty increases the base on which federal sales tax and the customary percentage mark-ups of distributors and retailers are calculated.

Effect on Prices of Canadian-made Cameras

Because the prices of imported cameras which would compete with those made in Canada are increased by the duties levied on still cameras, the Canadian manufacturer is able to charge higher prices for domestically-produced cameras without being at a competitive disadvantage relative to the imported goods. Consequently, the Canadian producer would benefit from the tariff protection, if it priced its domestic cameras to take advantage of the existing duties.

Although the existence of the tariff permits the Canadian company to increase the prices of the still cameras which it assembles in Canada, the extent to which it takes advantage of the duty, overall or on particular models of cameras, is not known. However, in view of the company's submissions to the Board, claiming that it required the existing protection on still cameras, it is reasonable to assume that the company takes advantage of at least a substantial part of the available protection. Furthermore, calculations (based on quite broad assumptions regarding mark-ups in the United States on models of cameras assembled in Canada) appear to support the conclusion that prices of still cameras assembled in Canada reflect a very substantial proportion of the existing duty.

Effect on Volume of Sales

It is probable that one of the effects of the duties on still cameras has been to reduce the volume of their sales as a result of the higher prices.

United States market reports and the submissions of the C.P.T.A. broadly support such a conclusion in suggesting that the volume of sales would have been much larger if prices of cameras had been lower. Indeed it is not inconceivable that the increasing volume of sales over the years might have been sufficiently large as to have made feasible a greater degree of Canadian fabrication of photographic equipment.

In this connection it is important to note that one of the striking features of the photographic industry is that sales of certain equipment, particularly cameras, generate a very much larger total value of sales of accessories, ancillary equipment, sensitized and other materials, and processing and other services. It is clear that such a multiplier effect would represent a significantly greater use of Canadian resources, including manpower, and a higher degree of value added in the photographic industry in Canada.

Costs and Benefits of the Duties on Still Cameras

Earlier in this Chapter, it was estimated that the total value of sales of still cameras to final purchasers averaged approximately \$38 million annually in the three-year period, 1969 to 1971. The following table shows the estimated amount and distribution of the "costs" and "benefits" effects of the duties on this average volume of sales.

Table 2-10: Estimated Distribution of the Cash Costs and Benefits of the Duties on Still Cameras, Annual Averages, 1969-71

	With Existing Rates of Duty	If Entered Free of Duty	Cash Costs or Benefits Resulting from Duty	Distribution of Total Costs and Benefits per cent
	-	million dollars	-	
	A	B	A-B	
<u>Cost of cameras:</u>				
Imports, c.i.f. Canada ^(a)	14.01	14.01	-	-
Domestic, f.o.b. plant ^(b)	<u>3.59</u>	<u>3.14</u>	<u>0.45</u>	<u>14.5</u>
Total cameras	17.60	17.15	0.45	14.5
Duty collected (imports)	1.08	-	1.08	34.3
Sales tax ^(c)	2.29	2.08	0.20	6.4
Distributors' mark-up ^(c)	6.79	6.24	0.55	17.6
Retailers' mark-up ^(c)	10.26	9.40	0.86	27.3
Cost to final purchasers ^(c)	38.01	34.87	3.14	100.0

(a) Includes freight and brokerage, but excludes duty and sales tax.

(b) It is assumed that the Canadian producer takes advantage of the existing tariffs in pricing domestic cameras.

(c) For both imported and domestic cameras

As indicated in the table, the total estimated additional cost to the Canadian purchaser resulting from the duties is \$3.14 million annually. However, the duties actually collected amounted to \$1.08 million. The balance of \$2.06 million represents the estimated cost to the Canadian purchasers resulting from the mere existence of the duty (see Table 2-9), and this amount goes to the Canadian manufacturer, to the distributors and retailers, and to the Treasury, as indicated in the 3rd and 4th columns of Table 2-10.

Costs

To Canadian Consumers

During the three-year period, 1969 to 1971, the Canadian market absorbed an estimated average of 830,000 cameras annually of which some 470,000 were imported. The cost of the domestic and imported cameras to final purchasers is estimated at approximately \$38.0 million dollars per year; the additional cost, resulting from the duty, was estimated at \$3.1 million (Table 2-10).

An analysis of the export statistics of Canada's principal foreign suppliers, in conjunction with Canadian import data, indicates that more than 85 per cent of the cameras imported in that period would not have been competitive with, nor substitutable for, Canadian-assembled cameras. The cost of these non-competitive imported cameras to final purchasers is estimated at \$29.2 million, more than 95 per cent of the estimated cost to final purchasers of all imported cameras,

1969 to 1971. Therefore, about 95 per cent of the additional cost of imported cameras, or \$2.1 million of the total additional cost to Canadians of \$3.1 million resulting from the duties on cameras, as estimated in Table 2-10, arose out of higher prices paid for imported cameras which would not be expected to affect the market for cameras assembled in Canada.

The higher prices of cameras, resulting from the duties, would affect large numbers of Canadians. If the percentage of Canadians who owned cameras during the period 1969 to 1971 was similar to that in the United States, an average of 5.5 million Canadians would have paid higher prices for their cameras as a result of the existing duties. If only some 10 to 15 per cent of this number owned the more expensive kinds, as suggested by the United States surveys, about 700,000 Canadians would have paid higher prices for still picture cameras which are not competitive with those assembled in Canada.

To Professional Photographers

A large number of professional photographers would also have been affected by the higher cost of many of the cameras they owned. Both in their brief and in the discussions at the hearing, the professional photographers claimed they were in direct competition with United States photographers who were taking a small, but increasing, share of the commercial photography market in Canada. The spokesman for the group said that the higher costs of equipment and materials in Canada require quoting higher prices than those of United States competitors and result in the loss of contracts. He also said that American professionals and ordinary tourists declare the equipment they bring with them and are not charged duty on it as long as it accompanies them on their return to the United States. He claimed that Customs officers would have great difficulty in differentiating between ordinary tourists and professional photographers, on the basis of the equipment they bring with them when they cross the border.

When it is established that the still cameras accompanying a visitor from the United States are intended to be used for making commercial photographs, under ordinary circumstances, each camera would be subject to a minimum charge of \$25 in lieu of the duty and sales tax which would normally apply.

The effect of the existing duties on the prices of representative cameras used by professional photographers can be estimated, as in Table 2-9. The additional cost of such cameras is obviously substantial and is more than twice the actual amount of duty collected. The claim of the professional photographers that similar equipment is not made nor is likely to be made in Canada, was not questioned.

The cost of the smaller-format precision cameras purchased by professional photographers would be considerably higher because of the M.F.N. duty of 15 p.c. under item 46210-1. This is clear from the calculations relating to the two single-lens reflex cameras shown in Table 2-9. However, expensive cameras such as these are purchased in the general expectation that they will be used for a fairly long time, perhaps ten years or even more. As a result, although the additional cost of the most expensive camera in Table 2-9 would be \$110 higher

because of the duty, this additional cost, amortized over a five- or ten-year term would not be large. The amortized cost, in relation to the number of photographs for which it was used would be quite small. Whether this cost is likely to affect quotations to such an extent that contracts would be lost to American photographers would depend on the amount of equipment purchased by the Canadian photographer.

Benefits

To Distributors and Retailers

Distributors and retailers benefit substantially from the existing duties on still cameras: their usual percentage mark-up is applied to higher costs because of the effect of the duty. As a result, the actual dollar mark-up is larger per unit of sales.

As noted in Table 2-10, distributors' and retailers' mark-ups together, account for about 45 per cent or \$1.4 million of the estimated \$3.1 million additional cost to purchasers resulting from the duties on still cameras. Distributors' mark-ups are increased by lesser amounts than retailers' mark-ups but both groups benefit substantially, per unit of sales. The total benefit to distributors and retailers exceeds the amount of duty collected and is over three times as much as the estimated benefit to the Canadian producer.

The reduced cost to consumers represented by the lower revenue from mark-ups of distributors and dealers would be reflected in a corresponding loss to the latter if their volume of sales remained unchanged and they were prevented from increasing their customary percentage mark-ups by competition. However, the more likely situation is that lower prices would lead to increased sales and that distributors' and retailers' revenues would be maintained or increased as a consequence. This is corroborated by the experience in the United States where distributors' and retailers' mark-ups are generally lower than in Canada due presumably in large part to the larger volume of sales.

To the Producer

The Canadian producer also benefits from the higher prices he can charge, as a result of the duty on competitive imported cameras. In the period 1969 to 1971, this average benefit appears to have been of the order of \$450,000 per year, nearly 15 per cent of the estimated additional cash cost resulting from the duties. This relatively small cash benefit accrues to the Canadian producer because estimated sales of domestic cameras accounted for only some 20 per cent of the total value of sales to final purchasers. Thus, although a major purpose of the duty is generally assumed to benefit domestic production, distributors and retailers benefit by much more in distributing imported cameras.

Of course, the sole Canadian producer acts as his own distributor and also distributes imported products. Consequently, part of the additional revenues of \$0.6 million accruing to distributors as a result of the duties would be received by the Canadian producer in addition to the benefit of \$450,000 accruing to the manufacturing operation.

To the Treasury

This benefit, estimated at \$1.28 million, accounts for about 40 per cent of the cash cost of the duties to Canadian consumers: duties collected account for \$1.08 million whereas the additional sales tax collected is estimated at \$0.2 million. Of course, if sales increased as a consequence of lower prices, the loss to Treasury would be correspondingly reduced.

The Duties as an Incentive to Canadian Production

The principal objectives of duties, as regards increased production and employment, do not appear to have been reached in the case of still cameras, although tariff protection has been provided for some decades.

Cameras have been dutiable at 15 p.c. or more for over 40 years (cameras of the large-format types have entered Free); nonetheless, it can be said that Kodak has been the only significant producer of cameras in Canada. Furthermore, in spite of an increasing sales volume, the total direct employment in the assembly of photographic equipment in Canada, by Kodak Canada, was about 200 persons in recent years with perhaps only half this number employed in the assembly of still cameras.

Thus, the Customs Tariff has not provided an incentive to the production of cameras in Canada. Although it may have encouraged the setting up of assembly operations, the provision of tariff protection has generated only limited use of Canadian human and other resources and has made only a small contribution to Canadian employment and the development of Canadian skills. On the other hand, the average annual cash cost of the duties to Canadian purchasers, during the period 1969 to 1971, has been about \$3.1 million, (distributed as estimated in Table 2-10) about \$31,000 for each of the estimated 100 jobs directly involved in the assembly of still cameras in Canada.

CHAPTER 2(b): MOTION PICTURE CAMERAS

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CHAPTER 2(b): MOTION PICTURE CAMERAS

THE CAMERAS AND THE FILMS THEY USE

Motion picture cameras capture images on film in the same way as do still picture cameras, but incorporate a film-transport mechanism, synchronized with the shutter, which enables them to take a long series of still pictures in rapid succession. Almost all motion picture cameras are designed to use one of the three most common sizes of film, 8 mm., 16 mm. or 35 mm., but other sizes of film, and cameras designed for their use, are also available. For example, 70 mm. film is used for large screen motion pictures.

Most of the 16 mm. and all of the 35 mm. or larger-format cameras provide for recording synchronized sound. Most 8 mm. cameras do not have sound recording capabilities, but the rapid technological developments in the field of magnetic sound recording and in associated electronic synchronization circuitry, have resulted in an increased number of 8 mm. cameras used with attachments to record synchronized sound on magnetic tape.

The main limitation on larger sales of 8 mm. cameras with provision for sound is cost. A low-priced silent 8 mm. camera can be purchased for less than \$50, at retail; retail prices of 8 mm. cameras with provision for recording sound, begin at about \$250. The great majority of cameras which use 8 mm. film are sold to hobbyists for making home movies, but the introduction of super 8 and single 8 films in 1965 with their larger image areas, along with developments in synchronized sound, has led to an increasing use of such films and equipment by television and cablevision stations and other commercial enterprises.

The cost of a motion picture camera increases with the size of the image it can record. However, other factors are also important, for example the additional features and quality of construction required for commercial work. Sixteen and 35 mm. cameras are built more ruggedly and precisely to enable them to produce finished film of the quality necessary for showing in movie theatres. Approximate, comparable prices of motion picture cameras, to final purchasers, would be \$50 for an 8 mm. camera without sound, \$250 for an 8 mm. camera with sound, \$800 to \$900 for a 16 mm. camera with sound, and \$1,500 to \$3,000 or more for a 35 mm. camera with sound.

In the five years, 1966 to 1970, an average of 84.9 per cent of the total footage printed by private industry and government agencies was on 16 mm. film and 13.5 per cent was on 35 mm. stock. The use of 8 mm. film was first reported in 1969, when it accounted for 4.5 per cent of the total footage or approximately nine per cent of the total, in terms of viewing time.

Until recently, 35 mm. film was almost the only size used for making feature-length motion pictures for exhibition in movie theatres. However, 16 mm. film is being used increasingly for showing in small theatres; it is the principal size used for making motion pictures for television. An important consideration in using 16 mm. film is that the cameras are much lighter and more portable, and their cost is very

much lower than that of 35 mm. cameras. Sixteen mm. film is widely used for educational and promotional purposes, television commercials, news and sports features, and for many short and some feature-length, commercial films.

There are three distinct types of 8 mm. motion picture film: double 8 film (also referred to as standard 8 or regular 8), single 8 film, and super 8 film. The exposed areas of the single 8 and super 8 films are the same; both are about 50 per cent more than that of the older, double 8 film. Cameras designed for double 8 mm. film are no longer being manufactured.

More 8 mm. film is sold than any other kind, mainly because it is used by the many thousands of hobbyists who make home movies. It is also being used increasingly in conjunction with audio-visual equipment, and in the filming of sports and news events for television. The very much lighter weight and lower cost of 8 mm. equipment, compared with even 16 mm. equipment, makes it particularly useful when weight, portability and cost are considerations.

PRODUCTION IN CANADA

Kodak Canada is the only Canadian producer of motion picture cameras for the domestic market. At the time of the hearing, the company was producing five of the seven models of the then current Kodak line of silent super 8 mm. cameras. This line has since been reduced to five models, all of which are produced in Canada on the same assembly lines on which still picture cameras are assembled. None of the three models of XL (existing light) movie cameras, introduced in 1972, are made in Canada.

At the hearing, Bell & Howell advised the Board that it was temporarily assembling super 8 mm. cameras for export, apparently as the result of an unusual circumstance. This operation seems to have been discontinued shortly thereafter.

The statements of the spokesmen of Kodak and Bell & Howell indicated that Canadian production consists of the assembly of finished parts imported mainly from the United States. The imported parts include sub-assemblies and other finished components. Consequently, there is little value added in Canada and limited use is made of Canadian resources in the production of motion picture cameras.

Some imported motion picture cameras are modified in Canada mainly for specialized military purposes.

THE CANADIAN MARKET

No published information is available concerning the Canadian production of motion picture cameras, because there is only one producer. However, the impression given at the public hearing was that Canadian production was a small part of the total Canadian demand.

Although no public data are available regarding Canadian production, the general magnitudes of the domestic market can be estimated if it is assumed that the distribution of sales in Canada is similar to that in the United States, and if appropriate allowances are made for differences in population, per capita consumer expenditures and prices.

Using such an approach suggests a total market demand in Canada, for some 55,000 motion picture cameras per year, during the period 1969 to 1971. Imports in this period averaged about 48,000 cameras annually, or nearly 90 per cent of the estimated total sales in Canada. Canadian output would appear to have been about 7,000 units per year. However, the motion picture cameras assembled in Canada supply a small proportion of the total demand and, therefore, a very small percentage change in the estimate of total demand would have a very substantial effect on the estimate of Canadian output (since the latter is assumed to be the difference between total demand and imports). Also although the rough estimates of Canadian output are derived from reasonably reliable data, the actual level of output during the three years 1969 to 1971 could, of course, vary quite substantially, depending on a number of considerations.

The value at the distributor level of the imported and domestic movie cameras sold in Canada, during the period 1969 to 1971, is estimated at an average of approximately \$5.1 million per year.

All of the Canadian output and the overwhelming proportion of the imports, are of 8 mm. cameras, almost all without sound capabilities. The export statistics of Canada's major suppliers taken in conjunction with estimates of domestic production, indicate that nearly 99 per cent of the numbers and more than 85 per cent of the value of sales in Canada are of 8 mm. cameras. Because imports supply a very large proportion of the market demand, the percentages would not be significantly different if the estimate of domestic production were altered. Average sales of 16 mm., 35 mm. and, occasionally, of special cameras, appear to be less than 400 units in most years, valued at approximately \$100,000, f.o.b. country of origin.

The five models of movie cameras which Kodak Canada assembled for sale in Canada, had retail list prices of \$40, \$65, \$80, \$105 and \$130; the corresponding, calculated prices, f.o.b. plant, are approximately \$18, \$29, \$36, \$47 and \$58. The lower-priced models would be sold in larger numbers than the others and, if the former are assumed to account for 70 per cent of total sales, the average value of the Canadian-made cameras f.o.b. plant, would be approximately \$35 per unit. The average unit value of imports, duty-paid, was about \$72, in 1972.

Other factors attaching to demand and market size were discussed briefly in connection with still cameras. Although the demand for these is substantially greater than it is for movie cameras, the Board has assumed that such factors, for example, seasonality and elasticity of demand, would lead to the same sort of comments and conclusions for both still and movie cameras.

IMPORTS

Apart from the production of Kodak Canada, the Canadian demand for motion picture cameras is supplied from imported cameras. Both Kodak Canada and the importer-distributors establish suggested retail list prices which, according to the evidence offered at the hearing, are usually about 50 per cent or more above the retailer's buying price; retailers can, and frequently do, sell below the suggested list prices.

Imports of motion picture cameras have fluctuated substantially during the past decade and, in 1967, appear to show the influence of Centennial Year and its many associated activities. The average annual imports, 1969 to 1971, were 48,302 units, with a value, f.o.b. country of origin, of \$2.7 million. The two principal suppliers of the Canadian market are Japan and the United States; together, they account for nearly 90 per cent of the number and 80 per cent of the value, of total Canadian imports. In terms of volume, Japan supplied about 77 per cent and the United States about 12 per cent of the imports, 1969 to 1971; the Federal Republic of Germany (3 per cent), Switzerland (1 per cent) and Austria (5 per cent) were much smaller, but not unimportant sources of supply. In terms of value, imports from Japan were almost 60 per cent and those from the United States around 20 per cent, of the total.

Table 2-11: Imports of Motion Picture Cameras, by Principal Country of Origin, 1964 to 1972

	<u>Japan</u>	<u>U.S.A.</u>	<u>Others</u>	<u>Total</u>	<u>Japan</u>	<u>U.S.A.</u>	<u>Others</u>	<u>Total</u>
		- '000 units -				- \$'000 -		
1964	39.0	6.6	4.4	50.0	1,425	538	454	2,417
1965	30.3	7.2	3.4	40.9	1,121	1,192	380	2,693
1966	47.1	6.5	2.8	56.4	1,931	917	446	3,294
1967	57.2	4.7	6.0	67.9	2,405	734	637	3,776
1968	36.4	4.1	4.0	44.5	1,673	564	459	2,696
1969	37.9	3.7	6.0	47.6	1,661	499	565	2,725
1970	33.1	5.2	3.7	42.0	1,413	491	467	2,371
1971	40.2	8.0	7.1	55.3	1,652	738	708	3,098
1972	42.8	8.3	11.8	62.9	2,217	800	788	3,805

Source: Statistics Canada

The unit value of imports from different countries varies substantially. The Canadian import statistics do not differentiate between cameras according to film-width but an examination of the export statistics of Japan, the United States and the Federal Republic of Germany indicated that the differences in unit values of the cameras imported from various countries resulted mainly from differences in the unit values of the 8 mm. cameras exported to Canada; most of these exports were of 8 mm. cameras without provision for recording sound. The average unit values of imports from small suppliers, such as Britain and France, varied substantially from year to year because small changes in the distribution of the kinds of movie cameras exported to Canada had an appreciable effect on the total value of these exports.

Table 2-12: Unit Values of Exports of Motion Picture Cameras to Canada^(a), 1969 to 1971

	<u>Japan</u>		<u>U.S.A. (b)</u>		<u>W. Germany</u>	
	<u>Value for</u>	<u>Landed</u>	<u>Value for</u>	<u>Landed</u>	<u>Value for</u>	<u>Landed</u>
	<u>Duty</u>	<u>Cost (c)</u>	<u>Duty</u>	<u>Cost (c)</u>	<u>Duty</u>	<u>Cost (c)</u>
	\$ per unit		\$ per unit		\$ per unit	
<u>8 mm. Cameras</u>						
1968	45	54	49	58	97	116
1969	39	46	51	61	75	89
1970	41	49	89	105	132	157
1971	40	48	56	66	79	94
<u>All other (d)</u>						
1968	431	513	..	..	3,040	3,618
1969	439	522	..	..	2,528	3,008
1970	426	507	..	..	3,390	4,034
1971	458	545	..	..	3,538	4,210

(a) Exports from Switzerland and Austria are quite small

(b) U.S. export statistics for cameras other than 8 mm. do not show country of destination

(c) Estimated C.I.F. value including duty but excluding federal sales tax

(d) From Japan, all are 16 mm. cameras; from W. Germany, most are 16 mm.

Source: Export statistics of countries shown

The very large differences between the unit values of the 8 mm. and the other motion picture cameras are apparent from the table. There are also large differences as between countries, in the unit values of the 8 mm. cameras imported from each of the three principal foreign suppliers. The Japanese exports to Canada consisted of only 8 mm. and 16 mm. cameras and indicate the great difference in their prices; for example, the estimated landed cost per unit of 8 mm. cameras imported from Japan in 1971 was \$48 whereas it was \$545 for the 16 mm. cameras. The high cost of 35 mm. motion picture cameras is suggested by the German data, but even the Federal Republic of Germany exports to

Canada were mainly of 16 mm. cameras and indicate the very high value of some 16 mm. motion picture cameras.

Competitive Imports

The estimated average unit value of \$35 f.o.b. plant for 8 mm. cameras made in Canada, is very much less than the calculated landed costs of the 8 mm. cameras imported from the Federal Republic of Germany and the United States and suggests that there would be little direct competition from them. However, because the average unit values probably include some lower-priced 8 mm. cameras, it cannot be said that no competition exists.

The average landed costs of the 8 mm. imports from Japan are also substantially higher than the estimated average value of Canadian 8 mm. cameras. Although the differences suggest that a large part of the imports from Japan would be too high in price to compete with the less-expensive Canadian cameras, the imports from Japan include cameras covering a range of prices and it is probable that they are competitive with at least the three highest-priced Canadian models. The cost of these Canadian models is estimated at about \$36, \$47 and \$58, f.o.b. plant, compared with the calculated average landed costs of 8 mm. cameras from Japan, of \$46, \$49, and \$48, in 1969, 1970 and 1971, respectively.

EXPORTS

Exports are not significant and appear to be the result of special situations. Canadian statistics combine exports of motion picture cameras with those of still cameras, accessories and parts. However, based on such statistics as are available, France, the United States and the Federal Republic of Germany appeared to be likely destinations for exports of Canadian movie cameras.

An examination of the import statistics of these countries for the four years, 1968 to 1971, indicated that Canadian movie cameras were exported mainly to France and the United States. It was clear from the data and the submissions to the Board that exports are not an important consideration with regard to motion picture cameras.

TARIFF CONSIDERATIONS

The Items and Their Relative Importance

Imports of motion picture cameras are provided for under items 46205-1, 46210-1, 46220-1, all of which were specifically referred to the Board; those imported by qualified educational and other institutions may also be entered under item 69605-1. The full text of the specifically-referred items is reproduced below. Motion picture cameras have never been ruled to be of a class or kind made in Canada, by the Department of National Revenue and, therefore, tariff item 46205-1 does not apply.

Tariff Item 46205-1

Cameras, n.o.p., of a class or kind made in Canada; complete parts thereof

7½ p.c., B.P. 15 p.c., M.F.N. 30 p.c., General

Tariff Item 46210-1

Cameras, n.o.p., of a class or kind not made in Canada; complete parts thereof

5 p.c., B.P. 15 p.c., M.F.N. 30 p.c., General

Tariff Item 46220-1

Cinematograph and motion picture cameras and camera blimps for use by professional motion picture producers having studios in Canada equipped for motion picture production; parts of the foregoing

Free, B.P. Free, M.F.N. 15 p.c., General

Apart from a small percentage of total imports which might be entered by qualified institutions under item 69605-1 and by motion picture producers with studios in Canada under item 46220-1, almost all imports of motion picture cameras would be classified under item 46210-1, as of a class or kind not made in Canada.

The M.F.N. rate of 15 p.c. is the only significant rate of duty in relation to dutiable motion picture cameras. Imports from countries entitled to the B.P. Tariff treatment are very small, considerably less than one per cent of the total value of imports in six of the nine years, 1964 to 1972, for which data are available; in 1970, 1971 and 1972, B.P. imports were unusually large but even in 1971, the largest year on record, they were only \$102,000, 3.3 per cent of the total value imported. Imports under the General Tariff are negligible; no imports at the General rates of duty were reported between 1969 and 1971 but a small number were reported in 1972.

The Submissions Presented to the BoardThe General Representations

As in the case of still picture cameras, the consensus at the public hearing favoured the adoption of the Brussels Tariff nomenclature as the basis for revising the tariff items which apply to motion picture cameras. It was also agreed, at that time, that cameras designed for film 16 mm. or more in width should be considered as professional equipment. The C.P.T.A. and some others also proposed that 8 mm. movie cameras with no provision for recording sound should be differentiated from those designed to record sound. The former are assembled domestically by Kodak Canada.

The rates of duty proposed generally reflected the interests involved. Kodak Canada sought to retain the existing protection for the cameras it assembled in Canada; importers and distributors, represented by the C.P.T.A., proposed a reduction in the rates of duty and free entry for motion picture cameras using film 16 mm. or more in width; spokesmen for users of motion picture cameras, such as the Association of Motion Picture Producers and Laboratories of Canada (AMPPLC), the Canadian Association of Broadcasters (C.A.B.) and the Canadian Cable Television Association (C.C.T.A.), generally sought free entry for all photographic equipment used by professional photographers.

The position of the various professional users is dealt with in detail, in Chapter 6 of this Report. In general, these users claimed that in so far as the existing duties applied to cameras not made in Canada, they increased the costs of commercial photographers without benefiting Canadian employment or manufacturers. They claimed that these higher costs made it difficult for them to compete with United States commercial photographers and hindered the development of Canadian motion picture production.

Kodak Canada took the position that it required the existing level of protection in order to carry on its assembly operations in Canada.

The C.P.T.A. took the position that domestic production should no longer require the same levels of protection as in the past and proposed a reduction in the M.F.N. Tariff from 15 p.c. to 10 p.c., for 8 mm. movie cameras without provision for sound. (Such cameras constitute about 99 per cent of the numbers and about 85 per cent of the value, of sales in Canada.) They urged that 8 mm. cameras with sound recording capabilities should be dutiable at lower rates than those which do not provide for recording sound. The proposed items for 8 mm. movie cameras were intended to differentiate between cameras made in Canada and those not made in Canada on the basis of whether or not they were designed to record sound. The C.P.T.A. also proposed that motion picture cameras used for commercial purposes should be free of duty, because they are used by professionals and are not made in Canada; the Association's proposal assumed that cameras using films 16 mm. or more in width could be taken to be for professional use.

The general representations of the C.P.T.A. applying to all photographic equipment and including motion picture cameras, are examined in greater detail in the first part of this Chapter.

The rates of duty proposed by the various interests are outlined below.

Table 2-13: Motion Picture Cameras
Comparison of Existing and Proposed Tariff
Items and Rates^(a) (Based on Classification
Proposed by the CPTA)

1. Film-width less than 16 mm. but including cameras using double 8 mm. film

Without provision for recording sound

	<u>B.P.</u>	<u>M.F.N.</u> ^(b)	<u>General</u>
Tariff item 46205-1 ^(c)	7½ p.c.	15 p.c.	30 p.c.
Tariff item 46210-1	5 p.c.	15 p.c.	30 p.c.
C.P.T.A., Bell & Howell	5 p.c.	10 p.c.	30 p.c.
Kodak Canada	5 p.c.	15 p.c.	30 p.c.
Various professional users ^(e)	Free	Free	Free

With provision for recording sound

Tariff item 46210-1	5 p.c.	15 p.c.	30 p.c.
C.P.T.A., Bell & Howell	5 p.c.	7½ p.c.	30 p.c.
Various professional users ^(e)	Free	Free	Free

2. Film-width 16 mm. or more, other than cameras using double 8 mm. film

Tariff item 46220-1	Free	Free	15 p.c.
Tariff item 46210-1 ^(d)	5 p.c.	15 p.c.	30 p.c.
C.P.T.A. Bell & Howell	Free	Free	15 p.c.
Various professional users ^(e)	Free	Free	Free

- (a) Based on classification proposed by the C.P.T.A. The proposals provided for parts at the same rates as the cameras. Only the principal existing items which would apply are listed; the table excludes the proposals of W. Carsen Co. Ltd. and Berkey Photo, noted in the text.
- (b) The rates shown were those in effect prior to the Budget of February 19, 1973
- (c) Item 46205-1 would apply only if the cameras were ruled as of a class or kind made in Canada.
- (d) Applied on motion picture cameras imported by those who are not "producers with studios in Canada"
- (e) When purchased for use in the practice of professional photography

In addition to the above proposals, W. Carsen Co., Ltd., of Toronto, urged that any reductions recommended in the M.F.N. rates should be accompanied by reductions of the same magnitude in the rates under the General Tariff, so as not to weaken the company's present competitive position; the company imports photographic equipment from the German Democratic Republic, under the General Tariff.

Berkey Photo's proposals were presented in very general terms; it urged that all imported equipment should be dutiable and that provision be made for remission of duty on goods not made in Canada.

The Tariff Proposals and Their Implications

The principal tariff item which applies to motion picture cameras is 46210-1, cameras of a class or kind not made in Canada. Nearly 99 per cent of the value of imports is entered under the M.F.N. Tariff, mainly under item 46210-1 at 15 p.c. Motion picture cameras are not ruled as made in Canada, although the estimated number of units assembled in Canada would be more than sufficient to obtain such a ruling assuming the Canadian content were sufficiently high.

If they were ruled to be made in Canada, motion picture cameras would be classified under item 46205-1 at the same M.F.N. rate of 15 p.c. as applies under item 46210-1. The principal effect on imports from M.F.N. countries of a "made-in-Canada" ruling would, therefore, be on motion picture cameras which now qualify for free entry under item 69605-1 if they are of a class or kind not made in Canada. However, in the period, 1969 to 1971, imports of movie cameras under item 69605-1, from all countries, were not a substantial part of the imports of such cameras.

The proposed differentiation between motion picture cameras for the use of professionals and others was based on the maximum film-width the camera could use; cameras designed for 8 mm. film were taken to be for amateur use, and those using 16 mm. and wider films were taken as being for professional use. Although the latter are seldom used by amateurs, professional use of super 8 mm. cameras and films is increasing, and may gradually replace wider films, particularly for television and cablevision transmissions.

The C.P.T.A. proposal that motion picture cameras using film of 16 mm. or more in width should be Free, under both the B.P. and M.F.N. Tariffs, would enlarge the scope of existing item 46220-1, by removing the end-use restriction which now limits free entry to producers with studios. On the other hand, all 8 mm. cameras imported for use by motion picture producers with studios would become dutiable at either 5 p.c., B.P. and $7\frac{1}{2}$ p.c., M.F.N., or $7\frac{1}{2}$ p.c., B.P. and 10 p.c., M.F.N.: eight mm. movie cameras are now entered free of duty under item 46220-1, by producers with studios.

There was disagreement as to whether the cameras should be described as "motion picture" or "cinematographic" cameras. The latter term is the one used in the Brussels Tariff Nomenclature whereas the former is in common usage in North America. Both terms are now used in Canadian Customs Tariff. To some, the two terms are synonymous while others suggested that "motion picture" cameras would cover television cameras, which convert images into electrical impulses to be conveyed by wire for transmission or for recording on videotape, or both.

In terms of tariff nomenclature, both the Customs Tariff and the B.T.N. now distinguish between movie cameras and television cameras. Different rates apply to the two types of cameras in the Canadian Customs Tariff. At least one submission recommended that the same tariff rates should apply to cameras regardless of the medium on which the images are recorded.

There was some discussion regarding how 8 mm. cameras capable of recording sound should be described. The most directly interested parties agreed on the terminology "with sound recording facility". It was suggested that this wording could well include physically separate sound equipment capable of being operated in synchronization with the film. Such sound equipment is now classified under tariff items in the electrical schedule.

There was general agreement that cameras designed for processed films 16 mm. and wider are for professional use and, not being made in Canada, should be admitted free of duty under the B.P. and M.F.N. Tariffs, together with the relevant repair and replacement parts. The present rates are either Free or 15 p.c., M.F.N., depending on whether the importer is or is not a motion picture producer with a studio in Canada.

At the hearing, there appeared to be considerable disagreement with respect to the appropriate rates of duty which should apply to the 8 mm. cameras, most of which are intended for the amateur market. The C.P.T.A. and Bell & Howell proposed a reduction from 15 p.c. to $7\frac{1}{2}$ p.c., M.F.N., for 8 mm. cameras with provision for sound and from 15 p.c. to 10 p.c., M.F.N., for 8 mm. cameras without provision for sound. Kodak Canada sought to maintain the existing level of protection, of 15 p.c., M.F.N., for 8 mm. cameras without provision for sound, but entered no proposal regarding the 8 mm. cameras with provision for sound. Subsequently, the company agreed with the C.P.T.A. proposals for a reduction from 15 p.c. to 10 p.c., M.F.N., on the 8 mm. cameras without provision for sound, and for free entry for parts for use in the manufacture of motion picture cameras.

The proposed rate of 10 p.c., M.F.N., on 8 mm. cameras without provision for sound, would reduce but still maintain protection for the assembly operations of Kodak Canada. The least expensive 8 mm. cameras with provision for sound (which cost at least $1\frac{1}{2}$ times as much as the most expensive movie cameras assembled in Canada) would be dutiable at $7\frac{1}{2}$ p.c. instead of 15 p.c., M.F.N., in the proposals of the C.P.T.A. and Bell & Howell. As noted, Kodak Canada made no proposal regarding the rates of duty on such cameras.

The Extent of the Competition from Imports

Canadian production accounts for a relatively small part of the domestic demand for motion picture cameras and most imports from countries other than Japan are of cameras which are not directly competitive with Canadian-made products, because of their much higher prices.

In the past five years, 1968 to 1972, imports of motion picture cameras from Britain averaged 78 cameras valued at \$46,600 a year. The value for duty of these cameras was approximately \$599 per unit indicating that most of the imports were probably of cameras using a film 16 mm. or more in width. The only other B.P. imports, in this period, were of seven cameras, five reported as originating in Commonwealth Caribbean countries. Thus, it is apparent that imports of 8 mm. cameras from B.P. countries of origin are negligible, particularly from the standpoint of competition with cameras made in Canada.

The C.P.T.A. spokesman commented that, to a minor degree, 8 mm. cameras with sound capabilities might be competitive with the 8 mm. silent cameras produced in Canada. This would be difficult to establish. The most expensive camera assembled in Canada, at the time of the hearing, would have been valued for duty at about \$50, if imported, and the estimated average value of the total Canadian output, at that time, would have been equivalent to a value for duty of approximately \$30. This compares with a value for duty of a low-priced imported movie camera with sound of more than \$100. Furthermore, in 1971, the retail list price of the highest-priced 8 mm. camera, assembled by Kodak in Canada, was \$130, and \$65 would be representative of the average retail price of all movie cameras assembled and sold in Canada. In contrast, the lowest retail list price of an 8 mm. camera with sound capabilities would be about \$250. It is improbable that a Canadian consumer shopping for a camera priced at a maximum of about \$100 would consider a camera priced at \$250 as an alternative; the five motion picture cameras assembled by Kodak, with which the \$250 sound camera might compete, are listed, at retail, at \$40, \$65, \$80, \$105, and \$130.

Some Effects of the Duties on Movie Cameras

The duties on imported cameras increase their costs to purchasers substantially, not only because of the duty itself but also because the duty increases the base on which are calculated the 12 per cent federal sales tax, the distributor's mark-up of 33.3 per cent and the retailer's mark-up of 37.5 per cent. The cumulative result increases the retail price of a movie camera by more than twice the amount of duty collected.

Thus, a movie camera valued for duty at \$100 would be sold at retail at about \$244 if dutiable at 15 p.c., and at \$213 if entered free of duty. The difference in the estimated retail price is \$31 as against the amount of duty collected of \$15. The camera used in this example is representative of a low-priced movie camera with provision for recording sound, purchased by an amateur for making home movies.

A professional 16 mm. motion picture camera, with provision for recording synchronized sound would be sold at \$2,000 or more if dutiable at 15 p.c. and at about \$1,750 if imported free of duty, a difference of \$250. The 15 per cent duty paid on such a camera, when imported, would be less than \$125.

The effect of the duty would, of course, be much greater on the more expensive equipment thus increasing the cost of the more advanced products by considerably more than the cost of the less-sophisticated equipment of the kind assembled in Canada and sold to amateurs for making home movies.

Higher costs for professional equipment increase the cost of Canadian motion picture production. They also tend to limit the purchase and use of the more technologically advanced, more expensive kinds of motion picture cameras and, thus, might handicap motion picture producers and affect the quality of commercial motion pictures made in Canada.

As regards the cost of the cumulative effects of the existing duties to Canadian consumers, it is estimated that the average cash cost per year, in the period 1969 to 1971, was about \$760,000. This compares with about \$370,000 actually collected in duties.

The figure of \$760,000 does not take account of the fact that movie cameras assembled in Canada are priced up to the level of the duty, generally 15 p.c. However, the advantage or support to Canadian producers (that is, the additional return resulting from the fact that they can increase their prices, f.o.b. plant, to the level of the duty) would be quite small because Canadian output supplies a small percentage of the market demand in Canada. Movie cameras assembled in Canada probably account for less than ten per cent of the value of sales; but even if they accounted for 15 per cent of the estimated value of sales of movie cameras in Canada, the cash benefit of the existing tariff protection to the producers would probably be less than \$70,000 per year.

Thus, it is apparent that the cash costs to Canadian consumers are very much larger than the financial advantage accruing to Canadian producers.

CHAPTER 3(a): STILL PICTURE PROJECTORS

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CHAPTER 3(a): STILL PICTURE PROJECTORS

DESCRIPTION OF THE GOODS

The term "still picture projectors", used in tariff items 46300-1 and 46310-1, is common in North American usage and corresponds with the term "image projectors (other than cinematographic projectors)", used in heading 90.09 of the B.T.N. The word "cinematographic" is rarely used in North America, but is common European usage.

There are two principal types of still picture projectors, the "diascope" which projects the image imprinted on a transparent base such as film or glass, and the "episcope" which projects the image imprinted on an opaque surface such as paper or cardboard stock; both the diascope and the episcope are normally used to project enlarged positive images on to a screen.

The essential parts of a still picture projector are a light source, a reflector, a condensing lens to concentrate the light, a projection lens to project an enlarged image, and a means of placing the slide or picture in an appropriate relationship to the two lenses and the light source. The projectors may be designed to provide for the recording and the reproduction of sound, for the automatic or remote control of changes in the material being projected and other features. Also, still picture projectors vary with respect to such other elements of design such as the maximum size of slide or other image-bearing material which can be used for projection, the maximum size of image which can be projected at a given distance from the projector, the brightness of the projected image, and the sharpness of its detail. As is the case with other types of photographic equipment, prices increase with the kind and number of built-in features and most particularly as the size of the slide or other material which can be projected becomes larger. Most still picture projectors are used with materials which can be damaged or even ignited by the heat generated by the light source and, therefore, require special types of lamps as a source of light, together with a fan to dissipate the heat.

The main types of still projectors sold in Canada are slide projectors, filmstrip projectors, overhead projectors and opaque picture projectors. Special types of projectors are also available, for example, stereo projectors, which consist of two identical slide projectors controlled and used simultaneously. All of the above still picture projectors may be used with or without sound equipment.

The most popular size of slide projector is for slides with a maximum image format of 2" by 2". By the use of masking mounts, this size of slide projector can project transparencies as small as 10 mm. by 14 mm. (sub-miniature), up to the maximum size of 2" by 2" and, therefore, would accommodate the most popular sizes of transparencies, those made on standard 35 mm. film and on the no. 126 and 110 cassette films. Still picture slide projectors for transparencies as large as 3 $\frac{1}{4}$ " by 3 $\frac{1}{4}$ " are readily available.

Filmstrip projectors have special carriers which permit the projection of a series of still images imprinted on a single strip of film. The images may be projected at intervals either by means of a

manual device or control, or automatically by means of an electrically controlled mechanism which advances the film at pre-determined intervals. Filmstrip projectors are widely used for educational, demonstration and advertising purposes, and are frequently designed for use with sound equipment; the sound may be recorded on a tape synchronized with the images, or it may be recorded on the film, itself. Many filmstrip projectors were designed for cassettes or cartridges which contain a continuous film and provide for the reproduction of both images and sound for educational and other uses.

Compact filmstrip projector systems are available for individual instruction or for demonstrations to small groups. The images, together with synchronized sound, are recorded on filmstrip contained in a cartridge for easy insertion into the apparatus and continuous showing and the apparatus has a small built-in screen of about 6" x 8" or 9" or 12" in size, for displaying the images. It may provide for an external speaker in addition to headphones, and for operation on batteries as well as on mains. In size, such a unit is no larger than an attaché case and weighs about 15 pounds.

Overhead projectors are used mainly for educational or demonstrational purposes. They consist of an illuminated box with a horizontal glass surface top, on which a transparent material, usually film, up to 10" by 10" can be placed for projection. The light from the box passes through the transparent film to a housing mounted above the box (hence "overhead") which contains a mirror and a projection lens; the mirror causes the image to be projected in a horizontal plane on to a screen after it is enlarged in passing through the projection lens. Overhead projectors may be used under normal lighting conditions during the course of a lecture or demonstration; alternatively, a continuous strip of a special transparent film may be moved, under tension, across the glass surface, to permit a lecturer to write, or draw diagrams, while addressing an audience.

Two types of condensing lenses permit the use of overhead projectors under ordinary light conditions, a fresnel lens or a parabolic mirror. Generally, projectors with fresnel lenses are less expensive than those with parabolic mirrors and give a dimmer image. The fresnel lens may be of glass or it may be of moulded plastic; the plastic fresnel lens is much less expensive.

Opaque picture projectors (episcopes) are designed to project an enlarged image of a brightly illuminated opaque object. A source of light is directed on to the surface of the object and the reflected light is projected on to a screen. Opaque picture projectors are used mainly for projecting diagrams and other material contained in publications in connection with lectures or demonstrations.

Special types of still picture projectors include such apparatus as epidiascopes, which can be used to project images from either transparent or opaque materials, instruments for projecting radiographs, stereo projectors, and the apparatus used in the preparation of printing plates and cylinders.

As the above suggests, there are many different kinds of still picture projectors, designed to serve a large variety of needs. This equipment varies from the common, relatively inexpensive, slide

projector, with manual control and without sound, priced as low as \$50, at retail, to complex, still picture projection units with a variety of special features, priced at more than \$1,500 each. The Audio-Visual Equipment Directory, published in the United States, lists, more than 200 different types and models of still projectors of which less than one half are slide projectors.

PRODUCTION IN CANADA

At the end of 1970, four companies were known to produce still picture projectors in Canada. All were located in and around Toronto, and all but one, La Belle Industries (Canada) Limited, were wholly-owned subsidiaries of United States companies. At that time, Bell & Howell manufactured overhead projectors (ceased in 1972) and filmstrip projectors, both without sound; Kodak Canada made slide projectors without sound; La Belle Industries (Canada) Limited (La Belle) produced filmstrip projectors with provision for sound; COMSPAR Enterprises Ltd. (now Spar Aerospace Products Ltd.) manufactured stereo slide projectors of a specialized kind. In 1968 Bell & Howell had discontinued production of slide projectors; in 1973, the company again began to assemble these at their Toronto plant. Two other companies had also produced still projectors in Canada prior to 1971: Argus Cameras of Canada Ltd. (Argus) had manufactured slide projectors until late 1970, and Controls Company Canada Limited (Controls) had assembled overhead projectors for Graflex of Canada; both Argus and Controls are subsidiaries of United States companies.

There are no published data concerning the production of still picture projectors in Canada. However, estimates of the market demand suggest an annual output of about 20,000 to 25,000 units, 1969 to 1971, with a retail value of \$3.0 million to \$3.5 million. Kodak Canada and Bell & Howell are by far the main producers.

United States market surveys and other published information suggest that the slide projectors assembled by Kodak would account for a large proportion of the number of projectors made in Canada but for a lesser proportion of their total value.

The companies which produced still projectors in Canada did not compete with each other in so far as their domestic production was concerned: only Kodak produced slide projectors; Bell & Howell was the only producer of overhead projectors and of filmstrip projectors without sound; only the filmstrip projectors made by La Belle provided for sound; and the stereo slide projectors made by COMSPAR were quite different from the still projectors made by any of the other companies. The slide projectors previously made in Canada by Argus, would have been in competition with the output of Kodak Canada; the overhead projectors assembled by Controls would have competed with those manufactured by Bell & Howell.

The information available to the Board indicates that most of the parts used in the assembly of still picture projectors in Canada are imported and that their cost ranges from about 50 to more than 70 per cent of the estimated prices of the projectors, f.o.b. plant. Canadian parts and materials, including instruction manuals, cartons, other packing materials, and miscellaneous materials and supplies account for some 10 to 15 per cent of the estimated plant price, and

overhead costs, including rent, depreciation, insurance and taxes, for an additional 10 to 15 per cent. Thus, it is apparent from the above, that wages and salaries would represent a relatively small percentage of the f.o.b. plant price; it is also apparent that the Canadian producers would have very little scope to achieve significant production economies.

It is impossible to quantify the employment provided by the production of still picture projectors in Canada. Bell & Howell employed 90 persons in their entire photographic operation, of which about 50 were directly involved in the manufacture of 16 mm. motion picture projectors; of the remaining 40, probably more were engaged in the production of 8 mm. motion picture projectors than in the production of still picture projectors. The information regarding Kodak's operations is equally difficult to assess; about 200 employees were directly involved in the production of photographic equipment but there is no way of separating the numbers engaged in the assembly of cameras or other products, from those engaged in the assembly of still projectors. No information is available regarding the number of employees engaged in such work by La Belle or COMSPAR.

THE CANADIAN MARKET

There are no published data regarding the size of the Canadian market for still picture projectors. However, its size can be estimated if one assumes that the distribution of sales in Canada is not very different from that in the United States and if allowances are made for differences between the two countries in per capita consumer expenditures, size of population and prices. Using such an approach suggests a total market in Canada for some 90,000 to 100,000 still picture projectors per year, 1969 to 1971, with an estimated value, at retail, of about \$12 million per year.

About 70 to 75 per cent of the market appears to be supplied by imports which, during the same period, averaged approximately 73,000 projectors per year, with an estimated value, at retail, of about \$8.4 million. The balance (the difference between the total estimated market and imports) represents Canadian production and suggests an output in Canada of about 23,000 still picture projectors per year, valued at retail at approximately \$3.3 million annually, 1969 to 1971.

The slide projectors assembled by Kodak in Canada are designed mainly for the recreational market but many, particularly of the more expensive, more automated models, are used for a variety of instructional purposes. The still picture projectors made by the other three companies would be sold mainly for use as audio-visual aids and, as already indicated, would supply a smaller market than slide projectors of the kind produced by Kodak.

The available import data suggest that between 60 and 70 per cent of the market demand would be for slide projectors and that overhead and filmstrip projectors would account for most of the remainder. The demand for opaque projectors is usually smaller than for other types.

As in the case of other photographic equipment, sales of Canadian-produced still picture projectors are limited to the Canadian

market except under special circumstances. The spokesman for Bell & Howell stated at the public hearing that it is the practice of its parent firm to grant exclusive market territories to subsidiary plants.

Kodak Canada informed the Board that Canadian models of cameras and projectors differ in design features and styling from those made by other foreign subsidiaries of Eastman Kodak and, therefore, that the Canadian, that is, the North American models, have less consumer appeal in the markets to which they might be exported than the Kodak models specifically designed to appeal to consumer tastes in those countries. The company stated that Canadian manufacturing costs, costs of transportation and foreign distribution, and the tariff protection of potential importing countries were effective in limiting the sale of Kodak Canada products mainly to Canada. The differences in design and styling would make the United States the principal foreign market for Kodak Canada's output, but Kodak Canada's claims as regards differences in costs, coupled with the United States Tariff, would appear to make exports to that country improbable under ordinary conditions.

IMPORTS

In the three-year period, 1969 to 1971, annual imports averaged 73,000 still picture projectors, valued at \$3.8 million, f.o.b. country of origin. The United States accounted for 80 per cent of the number and 83 per cent of the value of the imports, and Australia the second largest supplier, for approximately 13 per cent of the number and 12 per cent of the value. All other foreign suppliers, together, accounted for less than seven per cent of the volume and value of the imports, in that period.

In terms of numbers, Australia's share of Canadian imports of still picture projectors has varied considerably and ranged from 10 per cent of the total in 1969 to 26 per cent in 1965; in terms of value, the Australian share has varied from a low of nine per cent in 1966 to a high of 18 per cent in 1965. Australian exports to Canada were unusually large in 1972 when they accounted for 21 per cent of the numbers and 15 per cent of the value of Canadian imports. However, this share declined to more usual levels in the first seven months of 1973, when Australian projectors accounted for 15 per cent of the numbers and 10 per cent of the value, of Canadian imports.

Changes in foreign exchange rates between 1971 and 1973 were probably an important factor in the sharp rise of imports from Australia, in 1972, and their consequent decline to more normal levels in 1973. The value of the Australian dollar, in Canadian funds, rose by only three per cent between early 1971 and mid-1972, but by 21 per cent between mid-1972 and March 1973. The relatively small change between 1971 and 1972 would have tended to encourage imports from Australia, particularly if, as probable, a larger increase in the value of the Australian dollar was anticipated; the sharp increase in the Australian dollar's value, between 1972 and 1973, would account for the decline of imports of still projectors from Australia, in the first half of 1973 relative to the corresponding period of 1972.

Table 3-1: Imports of Still Picture Projectors, by Principal Country of Origin, Average 1969-71 and 1972

	Annual Average, 1969-71			1972		
	nos.	\$'000	\$/unit	nos.	\$'000	\$/unit
Australia	9,725	446.8	45.95	17,581	644	36.63
Other B.P.	<u>135</u>	<u>7.1</u>	<u>52.73</u>	<u>15</u>	<u>7</u>	<u>466.67</u>
Total B.P.	9,861	454.0	46.04	17,596	651	37.00
West Germany	1,715	122.4	71.38	2,011	154	76.58
Japan	1,481	38.9	26.26	4,265	126	29.54
U.S.A.	58,398	3,105.8	53.18	60,791	3,421	56.27
Other M.F.N.	<u>1,481</u>	<u>37.6</u>	<u>25.39</u>	<u>63</u>	<u>5</u>	<u>79.37</u>
Total M.F.N.	63,075	3,304.7	52.39	67,130	3,706	55.21
All countries	72,936	3,758.7	51.53	84,726	4,356	51.41

Source: Statistics Canada

The numbers of projectors imported increased sharply from 1964 to 1969 but have declined since, from 79,093 in 1969 to 69,380 units in 1971, a decrease of some 12 per cent. The fragmentary data available to the Board suggest that a part of this decline may be attributable to increased domestic production. In this period, imports from the United States decreased by nearly 7,000 units and those from Japan, and from M.F.N. countries other than the Federal Republic of Germany, also declined substantially.

The total value of imports also decreased after 1969; between 1969 and 1971, it declined by nearly \$0.5 million dollars, or 11 per cent. Imports from the United States accounted for more than one-half of the total decrease.

The still picture projectors in Table 3-1 are entered almost entirely under three tariff items: 46300-1 (still picture projectors without sound); 46310-1 (still picture projectors with sound); and 69605-1. The latter item provides for free entry under all Tariffs for still projectors of a class or kind not made in Canada, when imported by certain institutions for educational purposes.

The available statistics do not differentiate between the different kinds of still picture projectors. In view of this, imports in one month in late 1969 and one in early 1971 were examined in detail, to establish the approximate distribution of imports by kind of still picture projector and the tariff items under which the various kinds were entered. The months were chosen to reflect periods of both high and low seasonal import levels. These data are confidential but the percentage distributions are presented in Tables 3-2 and 3-3. It is important to note that the sampling procedure would tend to reflect the approximate orders of magnitude involved, at least for those kinds of projectors for which imports are significant.

Table 3-2: Percentage Distribution of Imports of Still Picture Projectors, by Tariff Item, Two Selected Months, 1969 and 1971

Kind of Projector	Tariff Item Under Which Entered ^(a)					
	<u>46300-1</u>	<u>46310-1</u>	<u>69605-1</u>	<u>46300-1</u>	<u>46310-1</u>	<u>69605-1</u>
	per cent of quantity			per cent of value		
Slide:						
under \$100	96.8	-	3.2	95.2	-	4.8
\$100 & over	<u>55.0</u>	<u>5.0</u>	<u>40.0</u>	<u>55.8</u>	<u>11.0</u>	<u>33.3</u>
Total slide	96.2	0.1	3.7	92.7	0.7	6.6
Opaque	11.2	-	88.8	9.5	-	90.5
Overhead	52.0	-	45.8	58.3	-	41.7
Filmstrip	8.4	0.4	91.2	20.5	0.7	78.8
Pre-viewers	37.0	-	63.0	28.1	-	71.9
Viewers & readers	65.3	21.3	13.4	88.3	6.5	5.2
Other	<u>71.4</u>	<u>-</u>	<u>28.6</u>	<u>28.2</u>	<u>-</u>	<u>71.8</u>
Total projectors	80.2	0.7	19.1	71.8	0.7	27.5

(a) Excludes a number of pre-viewers classified under item 46200-1

Source: Tariff Board survey

As seen from Table 3-2, most imports (80 per cent) were entered under item 46300-1, which provides for projectors without sound; most of the remaining imports (19 per cent) were entered under item 69605-1. Imports of still picture projectors with provision for sound, entered under item 46310-1, were less than one per cent of the total.

Table 3-3: Percentage Distribution, by Kind, of Still Picture Projectors Imported Under Main Tariff Items, Two Selected Months, 1969 and 1971

Kind of Projector	Tariff Item Under Which Entered ^(a)					
	<u>46300-1</u>	<u>69605-1</u>	<u>3 items^(a)</u>	<u>46300-1</u>	<u>69605-1</u>	<u>3 items</u>
	per cent of quantity			per cent of value		
Slide	86.5	14.0	72.1	77.6	14.4	60.1
Opaque	0.4	11.6	2.5	1.5	38.3	11.6
Overhead	7.1	25.0	10.4	13.4	25.0	16.5
Filmstrip	0.6	26.9	5.6	1.2	12.5	4.4
Pre-viewers	2.8	19.9	6.1	0.9	6.0	2.3
Viewers & readers	2.4	2.1	2.9	4.9	0.7	4.0
Other	<u>0.3</u>	<u>0.5</u>	<u>0.4</u>	<u>0.4</u>	<u>3.0</u>	<u>1.1</u>
	100.0	100.0	100.0	100.0	100.0	100.0

(a) Includes imports under item 46310-1; excludes a number of pre-viewers classified under item 46200-1

Source: Tariff Board survey

The distribution of imports within each of the two main tariff items, 46300-1 and 69605-1, is presented above in Table 3-3, together with the distribution of total imports under those two items and item 46310-1.

During the period under review, slide projectors accounted for 87 per cent of the total number of units imported under tariff item 46300-1. In contrast, only 14 per cent of the imports under item 69605-1 were slide projectors. It is evident that, although similar kinds of projectors are imported under items 46300-1 and 69605-1, most of the imports under item 46300-1 are of equipment used for recreational purposes. Imports under item 69605-1 are of equipment used for instruction and demonstration in classrooms and laboratories, or in connection with technical training, and would frequently provide for sound.

The imports under item 46310-1 included only slide projectors, filmstrip projectors and viewers and readers: based on the numbers imported under this item, the percentages for these were 7.4, 3.2 and 89.4, respectively; based on the value of imports, the corresponding percentages were 59.3, 4.6 and 36.0. The slide projectors with sound classified under this item, had an average unit value of \$405 compared with the average unit value of \$40 for the projectors without sound, under item 46300-1.

The percentage distributions given in the third and sixth columns of Table 3-3 were applied to the average annual imports 1969 to 1971, in order to examine the relative importance of the imports of individual kinds of still picture projectors in that period. The results of the calculations are shown in Table 3-4.

Table 3-4: Estimated Average Annual Imports of Still Picture Projectors, by Kind, 1969-71

<u>Kind of Projector</u>	'000	\$'000	\$ per unit
	- average per year -		
Slide Projectors:			
Under \$100 each	51.8	2,112	41
\$100 and over	<u>0.8</u>	<u>147</u>	<u>183</u>
Total slide projectors	52.6	2,259	43
Overhead	7.6	620	82
Filmstrip	4.1	165	40
Pre-viewers	4.4	86	19
Viewers and readers	2.1	150	71
Opaque	1.8	436	239
Other	<u>0.3</u>	<u>41</u>	<u>142</u>
	72.9	3,759	52

Source: Tariff Board survey.

The range of the average unit values of the different kinds of still projectors suggests the great variety of equipment described by the term "still picture projector". However, the unit values given in Table 3-4 are averages and obscure the even larger variations

of unit values of individual kinds and models. Moreover, because imports of some kinds of projectors included in the Board's sample were small in number, the average unit values of some of the kinds shown in the table may be rather deceptive for that reason. For example, overhead projectors which use a parabolic mirror are more expensive than those which use a fresnel lens but the latter are imported in much greater numbers. As a result, the average unit values shown in the table for overhead projectors is more representative of still picture projectors with fresnel lenses.

The average unit value of the bulk of the equipment entered under item 69605-1 is considerably higher than that entered under the other two items. A large proportion of the imports under item 46300-1 were slide projectors whose average unit value was \$40 per unit, whereas most of the imports under item 69605-1 were opaque and overhead projectors with average unit values of \$235 and \$72, respectively. In terms of numbers, most of the imports under item 46310-1 (projectors with sound) consist of viewers with an average unit value of \$20.50; in terms of value, however, nearly 60 per cent of the imports under the item is accounted for by projectors with an average unit value of \$405.

Table 3-5: Weighted Average Unit Value of Imports of Still Picture Projectors, by Kind and Tariff Item of Entry, Two Selected Months, 1969 and 1971

<u>Kind of Projector</u>	<u>Tariff Item Under Which Entered</u>			<u>Total 3 items</u>
	<u>46300-1</u>	<u>46310-1</u>	<u>69605-1</u>	
	dollars per unit, f.o.b. country of origin			
Slide:				
Under \$100	38.67	-	58.58	39.31
\$100 & over	<u>187.52</u>	<u>405.00</u>	<u>153.84</u>	<u>184.92</u>
Total slide	39.90	405.00	73.32	41.40
Opaque	194.66	-	235.42	230.83
Overhead	84.61	-	71.59	78.64
Filmstrip (a)	93.95	73.33	33.34	38.60
Combination	61.09	-	65.42	62.19
Pre-viewers	14.42	-	21.63	18.97
Viewers & readers	91.05	20.50	26.08	67.33

(a) Combination filmstrip-slide projectors

Source: Tariff Board survey

TARIFF CONSIDERATIONSThe Items and Their Relative Importance

Still picture projectors are imported almost entirely under three tariff items: 46300-1 (still projectors without sound); 46310-1 (still projectors with sound); and 69605-1 (still projectors of a class or kind not made in Canada when imported by a qualified institution). Only the first two items were specifically referred to the Board and are reproduced below. It should be noted that item 46300-1 provides for "slides and film strips therefor, n.o.p.", in addition to the projectors. Still picture projectors (and parts thereof) imported under item 69605-1 are free of duty under all Tariffs.

	<u>B.P.</u>	<u>M.F.N.</u>	<u>Gen.</u>
<u>Tariff item 46300-1</u>			
Still picture projectors, and slides and film strips therefor, n.o.p.	Free	15 p.c.	25 p.c.
<u>Tariff item 46310-1</u>			
Still picture projectors combined with sound equipment	10 p.c.	15 p.c.	30 p.c.

In the three-year period 1969 to 1971, when total imports of still picture projectors averaged \$3.8 million, per year, about 80 per cent was entered under item 46300-1, about three per cent under item 46310-1, and most of the remaining 16 per cent would have been under item 69605-1. Comparisons of imports by commodity class with imports by tariff item suggest that imports of slides and filmstrips, under item 46300-1, averaged substantially less than \$1.0 million per year, 1969 to 1971.

Because item 69605-1 is restricted to projectors of a class or kind not made in Canada, only the two items specifically referred to the Board are significant in terms of protection afforded domestic production. Some 96 per cent of the value of imports under these two items is entered under item 46300-1.

Most imports of still picture projectors are entered under the M.F.N. Tariff, 88 per cent of the total value of imports, 1969 to 1971. All of the remaining 12 per cent was classified under the B.P. Tariff. During that period, 99.2 per cent of the value of still picture projectors with sound originated in M.F.N. countries and 87.4 per cent of those without sound. As noted, still projectors with sound accounted for only two per cent of the imports.

The combined exports of the two principal foreign suppliers of the Canadian market, the United States and Australia, accounted for almost 95 per cent of the total value of Canadian imports, 1969 to 1971. The United States, alone, accounted for 82.6 per cent of the total value of Canadian imports, in this period, and Australia, for 11.9 per cent.

The Submissions Presented to the Board

The submissions presented to the Board were mainly general in nature and involved issues relating to all photographic equipment. As in the case of still cameras, the consensus was that the B.T.N. should be used as the basis for revising the tariff items which provide for still picture projectors.

The general representations made to the Board are summarized below and are followed by an analysis of the tariff proposals and their implications.

The General Representations

The C.P.T.A. proposed two tariff items to provide for still picture projectors, one of which would apply to projectors without provision for recording or reproducing sound, and the other to those which provide for recording or reproducing sound. The items proposed by the C.P.T.A. were derived from the B.T.N. and were the basis of most of the discussions at the public hearing.

For still picture projectors without sound, (item 46300-1), the C.P.T.A. proposed that the M.F.N. rate should be reduced from 15 p.c. to 10 p.c.; the two principal Canadian manufacturers (Bell & Howell and Kodak Canada) proposed the maintenance of the existing M.F.N. rate of 15 p.c., but an increase in the B.P. rate from Free to 5 p.c.; the distributor of Australian projectors in Canada (Hanimex), requested the maintenance of the existing rates of duty under item 46300-1; Scott Graphics proposed free entry under both the B.P. and M.F.N. Tariffs.

For still picture projectors with provision for sound the C.P.T.A. proposed a decrease in the rates of duty from 10 p.c., B.P., and 15 p.c., M.F.N., to 5 p.c., B.P. and $7\frac{1}{2}$ p.c., M.F.N. Bell & Howell and Kodak Canada proposed the same B.P. and M.F.N. rates of duty for still projectors with sound as for those without sound capabilities, namely, 5 p.c., B.P. and 15 p.c., M.F.N. Hanimex proposed a reduction in the B.P. rate from 10 p.c. to Free, for still projectors with sound capabilities, thus making its proposed B.P. and M.F.N. rates the same for all still picture projectors. The proposals of the Professional Photographers of Canada (P.P.O.C.) for free entry for all photographic equipment for professional use would apply to still picture projectors with sound capabilities.

Berkey Photo proposed rates of 5 p.c., B.P., 15 p.c., M.F.N., and 30 p.c., General, for all photographic equipment. W. Carsen Limited urged that if the M.F.N. rates of duty were lowered that the rates under the General Tariff should be reduced by a similar amount so as not to place the company at a competitive disadvantage.

The specific proposals made to the Board are summarized in the following table.

Table 3-6: Comparison of Existing Rates of Duty with Those Proposed for Still Picture Projectors^(a)

	<u>B.P.</u>	<u>M.F.N.</u> ^(b)	<u>General</u>
1. Still picture projectors without provision for recording or reproducing sound			
Existing item 46300-1	Free	15 p.c.	25 p.c.
C.P.T.A.	Free	10 p.c.	25 p.c.
Bell & Howell	5 p.c.	15 p.c.	25 p.c.
Kodak Canada	5 p.c.	15 p.c.	30 p.c.
Hanimex	Free	15 p.c.	-
Scott Graphics Ltd. ^(c)	Free	Free	-
2. Still picture projectors with provision for recording or reproducing sound			
Existing item 46310-1	10 p.c.	15 p.c.	30 p.c.
C.P.T.A.	5 p.c.	7½ p.c.	30 p.c.
Bell & Howell	5 p.c.	15 p.c.	30 p.c.
Kodak Canada	5 p.c.	15 p.c.	30 p.c.
Hanimex	Free	15 p.c.	-

(a) Based on classification proposed by the C.P.T.A. Only the principal items which would apply are listed. The table also excludes: the proposal of W. Carsen Co. Ltd., already noted in the text, regarding rates under the General Tariff; and the proposal by Berkey Photo for rates of 5 p.c., B.P., 15 p.c., M.F.N., and 30 p.c., General, for all projectors.

(b) The rates shown are those in effect prior to the Budget of February 19, 1973.

(c) When of a class or kind not made in Canada. The company was formerly Tecnifax Limited.

The representations in support of the proposals were essentially similar for all kinds of photographic equipment and are dealt with in greater detail in Chapter 2(a) which relates to still picture cameras.

The C.P.T.A. contended that the Canadian producers should no longer require as high a level of protection as in the past. The Association claimed that a reduction in the rates would induce market growth in which these producers would share and would, at the same time, benefit Canadian consumers and professional users of such equipment by way of lower prices.

As in the case of cameras and other equipment, the manufacturers claimed they required the rates they proposed in order to maintain the profitability of their Canadian operations; their proposal

for an increase from Free to 5 p.c., in the B.P. rate on silent projectors, would give them additional protection against imports of such projectors from Australia. One of the specific points raised by industry spokesmen in relation to Australian projectors was that the Australian Government subsidized the promotion of these goods. In its more general arguments Bell & Howell claimed that if its protection was reduced it would be more profitable to import such equipment from its United States parent company for distribution in Canada.

The submission of Hanimex, the Australian producer, noted that the preferential margin which they proposed would encourage Canadian purchases of Australian projectors and would reduce Australia's then unfavourable balance of trade with Canada.

Scott Graphics Ltd. urged that projectors not available from Canadian production should be free of duty; the company's principal interest was in overhead projectors.

The Tariff Proposals and Their Implications

The proposed differentiation between still picture projectors without sound capabilities and those with sound capabilities, corresponds with the existing differentiation in tariff items 46300-1 and 46310-1. This differentiation would not conflict with the Brussels Nomenclature which provides for "image projectors (other than cinematographic projectors)", in heading 90.09 which applies to projectors with and without sound capabilities.

Dealing first with still picture projectors without sound, it has already been seen that they represent the bulk of imports of still picture projectors, that most are entered under tariff item 46300-1, and that a large proportion is entered under the M.F.N. Tariff. Thus, in terms of potential impact on Canadian manufacturers, the domestic market and Canadian consumers, still picture projectors without sound are by far the most important. Even though the M.F.N. rate of duty relating to these projectors is the most important, the B.P. Tariff is also significant because of the substantial imports from Australia.

The reduction from 15 p.c. to 10 p.c., M.F.N., proposed by the C.P.T.A. for still projectors without sound capabilities, was coupled with a proposal for free entry for parts of still picture projectors. The confidential material submitted to the Board indicates that the savings of duty on parts would generally offset, as far as the Canadian producers are concerned, the effect of the proposed lower duty on the projectors. To the extent that the proposed lower duty would result in lower prices for projectors, a larger market demand would be expected to develop.

Bell & Howell and Kodak Canada proposed an increase in the B.P. rate from Free to 5 p.c. on still picture projectors without sound capabilities. The higher duty would make the Australian projectors less competitive with the slide projectors produced by Kodak Canada. Furthermore, the reduced margin of preference would increase the competition in the Canadian market, between still projectors originating in Australia and those originating in M.F.N. countries.

A very large proportion of the imports under item 46300-1, 75 to 80 per cent of the total value in the sample tabulated in Table 3-3, consisted of slide projectors, many of which would compete with slide projectors made by Kodak Canada and since 1973 by Bell & Howell. Imports of overhead projectors also accounted for a significant percentage of the value of imports under this item, about 13 per cent of the total. Bell & Howell produced both overhead and filmstrip projectors, in Canada, during the period 1969 to 1971, but has produced no overhead projectors since the end of 1972.

Thus, in relation to domestic production, the principal effect of the proposals of the two major Canadian producers would be to increase the B.P. duty on the kind of slide projectors assembled by Kodak Canada and Bell & Howell and to lessen the competition from imports of slide projectors from Australia.

The proposal of Hanimex, for maintenance of the existing rates of duty for projectors without sound, would leave the existing margin of preference unchanged. The existing British preferential margin of 15 p.c. is probably of considerable assistance to Hanimex in meeting the competition of American companies in the Canadian market.

Turning to the tariff proposals for still picture projectors with sound capabilities, it will be seen from Table 3-6 that the C.P.T.A. proposed a 50 per cent reduction in both the B.P. and M.F.N. rates; the two major Canadian producers proposed a similar reduction in the B.P. rate thereby arriving at the same rates for all still picture projectors; Hanimex requested a reduction in the B.P. rate in order to establish the same British preferential margin for all still projectors.

More than 99 per cent of the imports under item 46310-1, the item which the C.P.T.A.'s proposed item was intended to replace, is entered under the M.F.N. Tariff. Therefore, only the M.F.N. rate of duty is of significance with respect to still picture projectors with sound capabilities. During the period 1969 to 1971, imports under item 46310-1 averaged \$119,000 per year, of which imports from M.F.N. countries averaged \$118,000 and those from B.P. countries only \$1,000, per year.

The principal effect of the C.P.T.A.'s proposed reduction of the M.F.N. rate, from 15 p.c. to $7\frac{1}{2}$ p.c., would be to reduce the cost of the high-priced slide projectors imported under item 46310-1. These slide projectors would be priced at an average of about \$700 per unit, at the distributor level. The proposed change in rates would also reduce the cost to Canadians of viewers and readers with sound capabilities. The approximate average retail cost of the viewers and readers included in the sample on which Table 3-4 was based, would have been about \$50 per unit. Many of the expensive, imported slide projectors are probably for training and instruction by companies and organizations not qualified for duty-free entry under item 69605-1. The estimated average retail price of these slide projectors would be about \$1,000 per unit; at such a price, very few would be purchased by hobbyists.

The rates proposed by Bell & Howell and Kodak Canada would have virtually no effect on the existing situation. Both companies proposed the maintenance of the existing M.F.N. rate of 15 p.c. and, as noted, imports under the B.P. Tariff are negligible.

The Hanimex rate proposal for still projectors with sound capabilities would increase the existing margin of preference from 5 p.c. to 15 p.c. Until 1971, imports from B.P. countries under tariff item 46310-1 have been negligible. The company's proposal suggested that it was planning to export to Canada, Australian-made still projectors with sound capabilities.

Virtually no imports of still picture projectors (with or without sound) have been reported under the General Tariff since 1964.

The Competition from Imports

The Canadian market demand for still picture projectors, during the period 1969 to 1971, was estimated earlier at about 90,000 to 100,000 units per year, valued at retail at approximately \$12 million. Of this amount, about \$8.4 million was supplied by imports.

During that period the following kinds of still picture projectors were made in Canada: overhead and filmstrip projectors, both without sound capabilities (Bell & Howell); slide projectors without sound capabilities (Kodak Canada); filmstrip projectors with sound capabilities (La Belle); stereo slide projectors of a specialized kind (COMSPAR). Bell & Howell ceased to produce overhead projectors in 1972.

The combined output of Bell & Howell and Kodak Canada would account for a very large proportion of the production of still picture projectors in Canada. Neither company produces still projectors with sound and, therefore, competing imports would be entered either under existing item 46300-1 or 69605-1. Kodak Canada's production of photographic equipment is designed mainly for the mass market and most of the competing imports of slide projectors would be entered under item 46300-1, at rates of Free, B.P. and 15 p.c., M.F.N. Although imports of filmstrip projectors which compete with the output of Bell & Howell might be entered under both item 46300-1 and 69605-1, the unit values given in Table 3-5 suggest that imports which would compete with the still projectors of Bell & Howell would be classified mainly under item 46300-1. In any case, only those projectors held to be of a class or kind not made in Canada are admissible under tariff item 69605-1.

As will be seen from the analysis set out below, the two major producers in Canada are subject to the following competition. Kodak Canada's output meets competition mainly from U.S. slide projectors and, to a much lesser extent, from Australian slide projectors; the value of potentially competitive imports is estimated at about \$5 million, at retail, nearly 75 per cent of the estimated Canadian market for such slide projectors. Bell & Howell's filmstrip projectors face competition principally from U.S.-made projectors although some may also originate in other M.F.N. countries. The estimated value of imports of filmstrip projectors, shown in Table 3-4, was \$165,000 per year, 1969 to 1971, and would include projectors with and without sound capabilities. The value of imports competitive with Bell & Howell production is impossible to determine from the available

information. No public information is available regarding Bell & Howell's production.

There is also no information available regarding imports of the kinds of still picture projectors made in Canada by La Belle and COMSPAR. Some of the filmstrip projectors included in the \$165,000 value of imports noted above would compete with La Belle's output. Any imports competitive with COMSPAR projectors would be included in the \$41,000, shown for "Other" in Table 3-4. The importance of the United States as a supplier of the Canadian market would indicate that most of the competing projectors originate in that country. The data given in Table 3-4 suggest that imports and Canadian production of the kinds of projectors made by La Belle and COMSPAR are small.

Slide Projectors

Imports of still picture projectors under all tariff items and from the main countries of origin, are given in Table 3-7. It is evident from the table that almost all B.P. imports, 1969 to 1971, originated in Australia. The imports from Australia would have consisted of still picture projectors without sound capabilities and, therefore, would have been classified under item 46300-1, free of duty under the B.P. Tariff. The slide projectors from Australia would compete with the projectors assembled by Kodak Canada.

Table 3-7: Average Annual Imports of Still Picture Projectors, by Tariff and Principal Country of Origin, 1969-71

<u>Origin of Imports</u>	<u>Total Imports</u>		<u>Unit Value \$/unit</u>	<u>Dutiable Imports \$'000</u>	<u>Per Cent of Total Imports</u>	
	<u>Quantity nos.</u>	<u>Value \$'000</u>			<u>Quantity per cent</u>	<u>Value</u>
B.P.	9,861	454	46.04	2	13.5	12.1
M.F.N.	63,075	3,305	52.39	2,665	86.5	87.6
General	-	-	-	-	-	-
Total	72,936	3,759	51.53	2,667	100.0	100.0
Australia	9,725	447	45.95	-	13.3	11.9
U.S.A.	58,398	3,106	53.18	2,481	80.1	82.6
W. Germany	1,715	122	71.38	108	2.4	3.3
Japan	1,481	39	26.26	39	2.0	1.0
Other	1,617	45	27.66	39	2.2	1.2
Total All Countries	72,936	3,759	51.53	2,667	100.0	100.0

Source: Statistics Canada

The M.F.N. imports shown in Table 3-7 would have been dutiable at 15 p.c. under either item 46300-1 or item 46310-1. However, they would have been entered free of duty if imported, for example, under item 69605-1, by a qualified institution; the data in Table 3-7 indicate that duty-free imports from M.F.N. sources averaged \$640,000 per year (\$3,305,000 minus \$2,665,000), most if not all of which would have been entered under item 69605-1.

Thus, the approximate maximum value of potentially competing imports of still picture projectors without sound capabilities entered under item 46300-1, 1969 to 1971, would be approximately \$3.0 million annually; this is arrived at by deducting from the total value of imports (\$3,759,000), the value of duty-free M.F.N. imports under item 69605-1 (\$640,000) and the value of imports under 46310-1 (\$119,000). Imports of slide projectors valued for duty at less than \$100 were estimated at \$2.1 million per year, 1969 to 1971, (Table 3-4). These would be potentially competitive with Kodak Canada's products. The retail value of these projectors is estimated at about \$5 million, roughly three-quarters of the estimated Canadian demand for such slide projectors.

Imports of projectors without sound originate mainly in the United States and Australia. These two countries accounted for 93 per cent of the numbers and 95 per cent of the value, of imports of all still picture projectors, 1969 to 1971; they would have accounted for even larger percentages of the imports of potentially competitive slide projectors. The United States, alone, accounted for 80 per cent or more of Canadian imports of still picture projectors.

The imports from Australia are free of duty under item 46300-1 and could be more competitive with Canadian slide projectors, in terms of price, than slide projectors imported from M.F.N. countries with a duty of 15 p.c. For example, a slide projector valued for duty at \$50, f.o.b. Australia, would be sold at retail, in Canada, at approximately \$106; if this projector had been dutiable at 15 p.c., its selling price, at retail, would be about \$120.

However, in spite of the substantial tariff advantage afforded the Australian projectors, United States projectors outsold the Australian products in the Canadian market, by six to one in numbers and by seven to one in value, in the three-year period, 1969 to 1971. Australia's share of the Canadian market increased substantially in 1972, but has declined to more usual levels in the first seven months of 1973. In terms of numbers, slide projectors originating in Australia account for 13 per cent of the Canadian imports of projectors, 1969 to 1971, but for 21 per cent in 1972; in terms of value, the corresponding percentages are, 12 per cent, 1969 to 1971, and 15 per cent in 1972. However, slide projectors originating in M.F.N. countries continued to account for most of the imports both in the three-year period, 1969 to 1971, and also in 1972. For example, even in 1972, when imports from Australia were unusually large, M.F.N. imports accounted for 79 per cent of the numbers imported and for 85 per cent of the value of such imports.

Imports of other kinds of photographic equipment from B.P. countries are important mainly with respect to equipment originating in Britain. In the case of still picture projectors, imports from Britain are relatively unimportant whereas imports from Australia supply a significant part of the Canadian demand, even though M.F.N. imports constitute the preponderant proportion of Canadian imports, particularly in terms of value. Thus, if the existing British preferential margin of 15 p.c. on still picture projectors were changed there would be little effect on imports from Britain, but there might be a significant effect on imports of slide projectors from Australia.

Imports of competitive slide projectors originate largely in the United States and are subject to the M.F.N. duty of 15 p.c. Because the 15 p.c., M.F.N. duty under tariff item 46300-1, increases the base on which sales tax and mark-ups are calculated, the retail price of such projectors is increased by more than twice the amount of duty paid. Thus, a slide projector priced at \$75, f.o.b. U.S. plant, would have a retail list price in Canada of approximately \$175 if entered free of duty, and of about \$200, if dutiable at 15 p.c. The duty on such a projector would be \$11.25, less than one-half the \$25 difference in price.

If the same model of slide projector was produced in Canada, the duty of 15 p.c. would allow the Canadian producer to sell this projector at a price of about \$89 f.o.b. plant, approximately \$14 or 19 per cent more than the price f.o.b. U.S. plant, if full advantage was taken of the available protection. (A comparison of prices of the same models of slide projectors, in Canada and the United States, suggests that Canadian prices take full advantage of the available M.F.N. protection.) This appears to be a substantial amount of protection when one takes into account that the slide projectors made in Canada are assembled from parts purchased from a parent company in the United States which probably makes or purchases such parts in greater volume than any other company in the world, thus making it possible for its Canadian subsidiary to benefit from major economies of scale and specialization.

Other Still Picture Projectors

There are no public data available regarding Canadian production or imports of the kinds of still picture projectors produced in Canada by Bell & Howell, La Belle Industries or COMSPAR. However, the value of imports of these still picture projectors can be inferred from Tables 3-2, 3-3 and 3-4.

Tables 3-2 and 3-4 indicate that imports of slide projectors without sound capabilities valued for duty at \$100 or more which would generally not compete with Kodak Canada's output averaged \$82,000 per year, 1969 to 1971. The filmstrip projectors made by Bell & Howell (without sound), and those made by La Belle Industries (with sound), would be competitive with some unknown proportion of the \$165,000 of the estimated imports of filmstrip projectors shown in Table 3-4. The imports which would compete with COMSPAR's output would be the "special" projectors included in the category "All other" shown in Table 3-4; imports of these may have accounted for about \$26,000 of the \$41,000 annual imports, 1969 to 1971. The sum of these three figures (\$82,000, \$165,000 and \$26,000), \$273,000, represents the maximum import competition which might be met by the Canadian projectors of Bell & Howell, La Belle and COMSPAR. The variety of the imported slide and filmstrip projectors included in the \$273,000 is suggested by the unit values shown in Table 3-5; as already noted, the even greater variety of the actual imports tends to be obscured by the averages.

Most of the still picture projectors included in the imports of \$273,000, above, would be audio-visual equipment originating almost entirely in M.F.N. countries, and mostly in the United States. When of a class or kind made in Canada these projectors are entered under items 46300-1 or 46310-1, at 15 p.c., M.F.N.; when of a class or kind not made in Canada, a large proportion would be entered under item 69605-1, free of duty under all Tariffs. These and other types of audio-visual projectors, with and without provision for sound, are available in many models and with a great variety of different features. Only overhead projectors appear to be sold in Canada in substantial numbers.

Imports of overhead projectors were reported separately, for the first time, in 1971. In terms of value, imports of overhead projectors totalled \$517,000 and \$648,000, in 1971 and 1972, respectively. They appear to account for a large proportion of the imports of still picture projectors imported under item 69605-1.

Because of the large variety of kinds and models of still picture projectors sold for audio-visual use and the relatively small numbers of individual kinds and models required to supply the market demand, economies of specialization and scale may not be significant features in the cost of production. However, the market for audio-visual equipment is more developed and very much larger in the United States, the principal source of Canadian imports and, to the extent that costs of production can be reduced by longer runs, the potential for such reductions would be much greater in the United States than in Canada.

Still Picture Projectors with Provision for Sound

Imports of still picture projectors with provision for sound, under item 46310-1, averaged about \$120,000 annually, 1969 to 1971, compared with the estimated value of \$3.0 million of imports of projectors without provision for sound, under item 46300-1. More than 99 per cent of the imports under item 46310-1 are entered under the M.F.N. Tariff. Thus, for still picture projectors with provision for sound, only the M.F.N. rate is of significant importance. Imports originating in B.P. countries have been negligible in recent years and none have been reported from countries subject to the General Tariff since 1964.

Still picture projectors with sound capabilities are dutiable at 10 p.c., B.P., and 15 p.c., M.F.N., under tariff item 46310-1. They may also be entered free by qualified institutions under item 69605-1.

Imports under item 46310-1 appear to consist largely of slide and filmstrip projectors, and viewers and readers, all with provision for sound. These types of equipment are used mainly for educational, instructional and promotional purposes, although some would also be used in connection with recreational activity. The slide projectors entered under the item appear to be very high-priced (Table 3-4) and would not compete with Canadian-made projectors; viewers and readers are not made in Canada. Thus, the impact of the existing and proposed rates of duty would be mainly on audio-visual equipment of a class or kind not made in Canada.

Both Bell & Howell and Kodak Canada agreed to a reduction of the B.P. rate from 10 p.c. to 5 p.c., for projectors with provision for sound; this suggests that neither company was concerned with competition from B.P. countries. Both companies proposed that the existing duty of 15 p.c., M.F.N. should be maintained, the same rates that they proposed for still picture projectors without sound capabilities. As noted, average imports of still picture projectors with sound capabilities, under item 46310-1, were valued at only \$119,000, 1969 to 1971.

The Arguments Relating to Protection

The Canadian manufacturers supported their proposals for higher protection against imports of B.P. projectors without provision for sound, mainly in general terms. They provided little evidence to support their claim that they required the level of protection they proposed in order to maintain the viability of their assembly operations in Canada. Their claim that a reduction in the rates of duty on projectors would make it more profitable for them to import projectors than to produce them in Canada is discussed in some detail, in Chapter 3(b), which deals with motion picture projectors. The analysis in Chapter 3(b) concludes that it would continue to be more profitable to produce projectors in Canada than to import them, particularly if the reduction of the rates on projectors were accompanied by a reduction of the rates on imported parts.

The Canadian distributors of photographic equipment claimed that Canadian manufacturers of image projectors were well established in Canada and, therefore, should no longer require as much tariff protection as they did formerly. The existing rates under items 46300-1 and 46310-1 have been in effect since 1956, a period of 16 years; prior to 1956, the M.F.N. rate was 20 p.c.

The distributors also argued that if parts of still projectors for manufacture could be imported free of duty, then the savings in costs would offset most or all of the effects of the lower M.F.N. rate being proposed for the projectors.

Almost all parts of silent, still picture projectors are imported at Free, B.P. and $7\frac{1}{2}$ p.c., M.F.N. In contrast, imports of competitive, complete projectors are dutiable at 15 p.c., under the M.F.N. Tariff. Thus, for example, a lens assembly valued for duty at \$10 would bear a duty of 75 cents if imported as a part for manufacturing, under item 46320-1, at $7\frac{1}{2}$ p.c. The incidence of the 15 p.c. tariff on the same lens assembly when imported in a complete projector would be \$1.50.

According to data submitted to the Board, costs of materials were at least 70 per cent of the total manufacturing costs, and nearly 75 per cent to over 90 per cent of the value of materials and parts used in the assembly of still picture projectors was imported. The two principal Canadian producers of still picture projectors purchase most of their parts from their parent companies in the United States, both of which rank among the largest manufacturers of photographic equipment in the world and are, therefore, in a position to supply parts at low prices.

All four Canadian producers have access to the technical and entrepreneurial skills of their parent companies. Three of them are subsidiaries of United States companies and can obtain parts for use in manufacturing from parent companies which supply by far the largest market in the world for projectors and, therefore, are in a position to supply parts to their subsidiaries at relatively low unit prices.

Bell & Howell claimed that the costs of advertising and promotion of Hanimex projectors are subsidized by the Australian Government. Although there appears to be some measure of subsidization of trade promotion, the amount of subsidy involved may not amount to a significant advantage to Hanimex as compared to the value of "overflow advertising" resulting from the large circulation of United States publications in Canada and from the advertising on United States television and radio programs which are received by large numbers of Canadians.

Costs and Benefits of the Duties on Still Projectors

The effect of the sales tax and the various mark-ups applied to the duty-paid value of still picture projectors would more than double the cost of the actual duty paid, when the imported projectors were sold at retail. The existence of the duty allows domestic producers to price their products higher than if competitive imports could be entered free of duty. Thus, the duties on still picture projectors tend to increase the costs of both imported and domestic projectors purchased by Canadian consumers.

During the period 1969 to 1971, the cash cost to consumers, of the duties on still picture projectors sold in Canada, is estimated at more than one million dollars per year. This amount reflects the estimated effect of the duties on prices of imported and domestic projectors sold in Canada in that period.

The duty collected would, of course, be a benefit to the Canadian Treasury. During the three years, 1969 to 1971, the duties collected accounted for nearly 33 per cent of the estimated total cash cost of the tariff, to consumers.

As in the case of the cameras, the production operations in Canada are almost exclusively an assembly operation based on the importation of parts and, indeed, of complete assemblies. Thus, the use of Canadian resources, including manpower, is quite limited. The assembly of still picture projectors in Canada does of course require an investment in production facilities, but only a relatively small value added can result from an assembly operation based on imported parts. Similarly there appears to be little scope for the development of new technology or of special skills. Export opportunities are virtually non-existent.

Thus, the tariff protection which has applied to still picture projectors for many years appears to have had only a small effect on Canadian employment (considerably less than 100 jobs) and the use of Canadian materials and resources. The costs of the duties appear high in relation to the rather limited benefits which appear to have accrued to the Canadian economy.

CHAPTER 3(b): MOTION PICTURE PROJECTORS

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CHAPTER 3(b): MOTION PICTURE PROJECTORS

DESCRIPTION OF THE GOODS

Motion picture projectors, like the cameras whose films they are intended to project, are usually described in terms of the film-width for which they are designed, namely, 8, 16, 35, 70 mm. or other; specialized projectors are described in terms of both their principal function and film-width, for example, "35 mm. editing projector".

Motion picture projectors have optical projection systems consisting of a light source, reflector, condenser and projection lens, coupled with a film transport mechanism which passes the film at a regular, intermittent rate past the source of light and the optical system, usually the same rate as that used by the camera in which the film was exposed. In this way each frame or image is projected in greatly enlarged form while it is momentarily not in motion. The rapid sequence of images gives the illusion of motion; the synchronization of the light source to cut off the light while the film is being moved past the projection gate helps to achieve this illusion. Some projectors permit the film to be stopped at selected frames and for these frames to be projected as magnified images; others are designed for continuous, repetitive, unattended projection of the same film, with or without sound, for educational, advertising, or similar purposes.

For purposes of projection, the newer, super 8 mm. and the single 8 mm. films are the same; both have a larger image area than the older, double 8 film and require a light and optical system capable of projecting the larger image. The 8 mm. projectors now being manufactured are designed to project the newer 8 mm. films, but most provide adjustments which allow the older films to be used as well.

Virtually all projectors designed for 16 mm. and 35 mm. films are capable of reproducing sound and some are also able to record sound. Most 8 mm. projectors make no provision for reproducing or recording sound but some incorporate facilities for reproducing sound from a sound track on the film, others provide for the reproduction of sound from a magnetic tape operated in conjunction with the appropriate synchronized sound equipment, and still others are able to record as well as to reproduce it.

PRODUCTION IN CANADA

The only companies which assemble motion picture projectors in Canada are Bell & Howell Canada Ltd. and Kodak Canada Ltd. Other companies also have been involved in a minor way in the past. Bell & Howell makes both silent and sound-synchronized 8 mm. projectors; Kodak Canada produces only one of the approximately ten models of 8 mm. silent projectors which it distributes in Canada. Both companies produce 16 mm. projectors capable of reproducing sound.

The spokesmen for Kodak Canada said that Bell & Howell had a large share of the Canadian market for 16 mm. projectors and confirmed the latter's claim that Bell & Howell 16 mm. projectors outsold others by a wide margin. Moreover, Bell & Howell manufactures a wider range of projectors than Kodak Canada and appears to be the dominant Canadian manufacturer of motion picture projectors.

Both Canadian producers depend mainly on imports for the parts which they use in their assembly operations, Bell & Howell to a somewhat lesser extent than Kodak Canada, according to their submissions. Bell & Howell said that, on average, imported parts accounted for 40 to 45 per cent of its selling prices at the distributing level but were as high as 50 per cent on a few products. In terms of the company's estimated prices f.o.b. plant, these percentages would be approximately 53 to 60 per cent on average and as high as 67 per cent on some. Because Kodak Canada imports all of the parts which it uses, the imported parts constitute a larger percentage of that company's estimated prices f.o.b. plant.

In 1973 Kodak Canada assembled two models of silent 8 mm. projectors and two models of 16 mm. projectors with sound. Bell & Howell assembled a greater variety of projectors at that time, including seven models of 8 mm. silent projectors, two models of 8 mm. with sound (discontinued about mid-1973^(a)), and four models of 16 mm. projectors with sound. The 8 mm. silent projectors assembled by the two companies ranged from \$135 to \$300, at retail list but the bulk of the sales were accounted for by models priced at retail list at less than \$235, or approximately \$140 at the distributor level exclusive of federal sales tax.

All of the Canadian-made 16 mm. projectors were very much higher-priced than the 8 mm. projectors and ranged from about \$800 to \$900 at retail list, and from about \$475 to \$535 at the distributor level excluding federal sales tax. The Canadian models which appear to account for a very large proportion of the combined output of Kodak Canada and Bell & Howell were priced at retail list at about \$900.

A total of 90 employees were directly involved in the assembly of Bell & Howell photographic equipment, at the time of the hearing, of which 50 to 52 were employed in the assembly of 16 mm. projectors. At that time the only other photographic equipment produced by Bell & Howell was 8 mm. motion picture projectors and overhead and filmstrip still picture projectors; the 40 remaining employees would have been engaged in assembling these.

Comparable information is not available regarding the Kodak operations, but the company's principal interest is in still picture cameras and slide projectors. Kodak employs about twice as many persons as Bell & Howell in the assembly of photographic equipment, but fewer than Bell & Howell in the assembly of motion picture projectors.

(a) As this assembly activity was being carried on during the period for which data are available to the Board, 8 mm. projectors with sound are referred to, throughout this Chapter, as being produced in Canada.

THE CANADIAN MARKET

Because only two companies are known to produce motion picture projectors in Canada, there are no public data available regarding Canadian production. However, the Canadian demand can be estimated from U.S. market surveys, if it is assumed that it is generally similar to that of the United States taking into account the differences in per capita consumer expenditures, prices and the size of the populations. Although this method of estimation may lack precision it indicates the general magnitude of the Canadian demand.

This method of estimation suggests a total market in Canada for about 50,000 to 60,000 motion picture projectors valued, at the distributor's level, at approximately \$9.6 million per year, during the period 1969 to 1971. The calculations suggest that Canadian production accounted for nearly one-half of the volume and value of the annual sales in Canada during the period. This is in accord with the submissions of the two Canadian manufacturers, which stated that Canadian-made 8 mm. and 16 mm. projectors, together, supply a substantial part of the total Canadian market demand for all motion picture projectors and that a large proportion of the 16 mm. projectors sold in Canada are of domestic manufacture.

If the distribution by kind of projectors made in Canada approximates that of the identifiable imports, nearly 90 per cent of all motion picture projectors sold in Canada are 8 mm. and most of the remainder are 16 mm. projectors. On the other hand, the distribution of the value of imports suggests that 8 mm. projectors account for only 50 per cent of the total value of sales in Canada, and 16 mm. projectors, for about one-third of the total. The balance would be accounted for by 35 mm., 70 mm. and special types of motion picture projectors.

The very large differences in these percentages are explained by the differences in the unit values; in the three-year period, 1969 to 1971, the average price of 8 mm. projectors (at the distributor level) is estimated at about \$95 per unit, and that of 16 mm. projectors at \$625 per unit.

IMPORTS

The value of Canadian imports of motion picture projectors increased from an average of about \$2 million per year, 1964 to 1966, to an average of nearly \$3 million per year in 1969 and 1970. In 1971, they were valued at \$3.5 million and in 1972, at \$4.0 million. During the three-year period, 1969 to 1971, Canada imported an average of 28,387 projectors per year, valued at \$3.1 million, f.o.b. country of origin. The landed cost of these projectors to importers, including duty, freight and federal sales tax, is estimated at approximately \$4 million.

The United States, Japan and Austria are the three principal foreign suppliers of the Canadian market, but significant quantities are also imported, in occasional years, from the Federal Republic of Germany and Switzerland. Between 1965 and 1970, the three principal foreign suppliers accounted for 91 per cent of the total

number and 82 per cent of the total value, of motion picture projectors imported in that period. Imports from the Federal Republic of Germany and the United States are of higher-priced projectors than those imported from the other major supplying countries; imports from Japan and Austria appear to be mainly of relatively low-priced, 8 mm. projectors without sound-reproducing capabilities.

Table 3-8: Imports of Motion Picture Projectors by Principal Country of Origin, 1969-71

	<u>1969</u> -	<u>1970</u> '000	<u>1971</u> units	<u>1972</u> -	<u>1969</u> -	<u>1970</u> \$'000	<u>1971</u> -	<u>1972</u> -
U.S.A.	10.3	10.9	12.7	15.2	1,643	1,756	1,987	2,185
Japan	8.3	8.0	14.1	15.1	453	508	640	753
Austria	4.5	2.7	5.8	14.0	223	125	288	596
W. Germany	0.5	0.7	1.0	1.0	105	178	155	109
Switzerland	0.6	0.6	1.2	1.4	56	52	142	82
Others	<u>1.9</u>	<u>0.5</u>	<u>0.8</u>	<u>1.9</u>	<u>431</u>	<u>303</u>	<u>249</u>	<u>251</u>
Total	26.1	23.4	35.6	48.6	2,911	2,922	3,461	3,976
	per cent of total				per cent of total			
U.S.A.	39.6	46.8	35.7	31.2	56.4	60.1	57.4	55.0
Japan	31.8	34.0	39.6	31.1	15.5	17.4	18.5	18.9
Austria	<u>17.1</u>	<u>11.7</u>	<u>16.3</u>	<u>28.8</u>	<u>7.7</u>	<u>4.3</u>	<u>8.3</u>	<u>15.0</u>
Total above	88.5	92.5	91.6	91.1	79.6	81.8	84.2	88.9

Source: Statistics Canada

United States, Japanese and the Federal Republic of Germany export statistics report exports of motion picture projectors by size of film, but such detail is not available from Austrian export statistics. However, the Board was informed that the sole Austrian manufacturer exports mainly 8 mm. projectors to Canada. The percentage distribution of exports to Canada, according to film size, is given below. All exports from the United States reported as 16 mm. projectors, had sound capabilities; 16 mm. projectors without sound are included in "other", in the United States data only.

An analysis of the foreign export data in conjunction with the Canadian import statistics, strongly suggests that 8 mm. projectors accounted for nearly 90 per cent of the total number and 50 per cent of the total value, of imports into Canada, in the period 1967 to 1971. The 16 mm. projectors, excluding 16 mm. silent projectors from the United States, appear to have accounted for about eight per cent of the quantity and 30 per cent of the value, of total imports in that period, while imports of all other projectors, including 35 mm., and specialized equipment such as editing projectors, accounted for about three per cent of the total numbers but for about 20 per cent of the total value, of imports.

Table 3-9: Percentage Distribution of Exports of Motion Picture Projectors to Canada, 1967-71

	Japan		U.S.A.		W. Germany	
	% of nos.	% of value	% of nos.	% of value	% of nos.	% of value
<u>8 mm.</u>						
1967	96.8	80.1	83.7	52.8	89.2	22.1
1968	96.2	77.0	75.9	36.3	86.8	41.5
1969	94.3	71.9	77.4	35.5	85.3	15.2
1970	93.0	61.8	79.0	39.6	95.6	29.0
1971	94.4	70.7	81.9	42.1	87.7	25.6
<u>16mm.</u>						
1967	3.2	18.8	8.5	27.5	7.8	37.2
1968	3.5	21.5	13.4	24.5	13.2	58.5
1969	5.7	28.1	13.4	30.8	12.6	63.6
1970	7.0	36.8	10.2	24.5	2.1	33.4
1971	5.6	29.3	16.6	40.5	11.3	51.4
<u>Other</u> ^(a)						
1967	0.1	1.0	7.8	19.7	3.0	40.8
1968	0.3	1.6	10.7	39.3	-	-
1969	-	-	9.2	33.8	2.1	21.2
1970	..	1.4	10.8	35.9	2.3	37.6
1971	-	-	1.5	17.4	1.0	23.0

(a) The U.S. data for "other" includes 16 mm. projectors without sound

Source: Derived from export statistics of Japan, the United States and the Federal Republic of Germany

A survey of imports in October 1969 and February 1971 indicated that 8 mm. projectors were a very large proportion of the total in both months. Nearly 85 per cent of all imports in the sample were 8 mm. silent motion picture projectors, 10 per cent of the total were 8 mm. sound projectors, and most of the remaining five per cent were 16 mm. sound projectors.

EXPORTS

Exports play a minor role in the operations of both Bell & Howell and Kodak. Both firms are wholly-owned subsidiaries of United States corporations and both were established primarily to serve the Canadian market. At the public hearing, the Kodak spokesman said the company exports very little in the way of photographic equipment. Bell & Howell indicated that the company exports some projectors as a result of special circumstances, but that exports were a minor part of its total activities. Bell & Howell exports to Bell & Howell subsidiaries in England and France when they require additional supplies of some product. About one-half of Bell & Howell's exports were said to be generated by the United Nations International Children's Emergency Fund (UNICEF). Where possible, UNICEF spends Canadian-donated funds in Canada and Canadian producers of photographic equipment benefit from this policy.

The spokesman for Bell & Howell indicated that it is the practice of its parent company to grant subsidiary firms exclusive market rights for their products within certain, well-defined geographic areas. As far as Bell & Howell is concerned, this market area is limited to Canada. According to Kodak Canada the differences between models designed for sale in various parts of the world, Canadian costs, and foreign tariffs, effectively limit its market to Canada.

The Board understands that some Kodak subsidiaries have export markets, for example Kodak in the United Kingdom exports to other countries.

Statistics Canada does not report exports or re-exports of motion picture projectors separately and an examination of the import statistics of Great Britain and the United States, two probable destinations of exports, provided no information regarding Canadian exports. However, France's import statistics, as shown below, indicated that a large proportion of Canada's commercial exports were probably to that country. Imports into France are reported at their c.i.f. value at destination.

Table 3-10: Imports of Motion Picture Projectors by
France, from Canada, 1967-71

<u>Year</u>	<u>No.</u>	<u>Value c.i.f. France</u>	
		<u>\$'000</u>	<u>\$ per unit</u>
1967	50	16	325
1968	140	45	319
1969	480	206	430
1970	715	215	300
1971	368	165	448

Source: Statistiques du Commerce Extérieur de la France

TARIFF CONSIDERATIONS

The Items and Their Relative Importance

Motion picture projectors may be imported under tariff items 46305-1 and 69605-1, but they are imported almost entirely under tariff item 46305-1, at rates of Free, B.P., 15 p.c., M.F.N. and 35 p.c., General. Eight mm. projectors without sound and certain kinds of 16 mm. projectors with sound are ruled to be of a class or kind made in Canada and, therefore, would not be classified under item 69605-1. Only types other than these would qualify for free entry under tariff item 69605-1 when imported by qualified institutions. Tariff item 46305-1 provides for replacement and repair parts of motion picture projectors and for various other equipment such as arc lamps, light effect machines and generators, in addition to the projectors; the full text of this item is reproduced below.

Tariff Item 46305-1

Motion picture projectors, arc lamps for motion picture work, motion picture or theatrical spot lights, light effect machines, portable motion picture projectors with or without sound equipment; electric rectifiers or generators designed for use with motion picture projectors; parts of all the foregoing, not including electric light bulbs, tubes, or exciter lamps

B.P., Free

M.F.N., 15 p.c.

General, 35 p.c.

Almost all of the imports, 96.6 per cent of the total, originate in M.F.N. countries; the remaining 3.4 per cent originates in B.P. countries, almost entirely in Britain. No motion picture projectors have been imported under the General Tariff since at least 1964, the earliest year to which the current statistical series applies.

The Submissions Presented to the BoardThe General Representations

The representations of Canadian producers of motion picture projectors as well as those of importers and distributors and of other interests, were in the same general terms as their submissions regarding other kinds of photographic equipment. Most of the general representations have been dealt with under the heading "Tariff Considerations" in earlier Chapters and in Chapter 8; only those directly concerned with the projectors under consideration are discussed here.

It should be noted that the proposals of various commercial users of motion picture equipment are dealt with in some detail in Chapter 6 of this Report. These various interests included the Association of Motion Picture Producers and Laboratories of Canada (AMPPLC), the Canadian Association of Broadcasters (C.A.B.), and the Canadian Cable Television Association (C.C.T.A.).

The cablevision companies noted that the improved, larger-format, super 8 mm. equipment now available, could be used in television and cablevision broadcasts. Their association (C.C.T.A.) indicated that some of its members were interested in using the improved super 8 mm. equipment but that the existing tariffs increased their cost of photographic equipment and made it more difficult for member companies to comply with the directives of the C.R.T.C. regarding increased public programming without advertising.

The proposals of Hanimex would leave the existing British preferential margins unchanged at 15 p.c. In support of its proposals, the company spokesman said that mutual benefits were derived from the Canada-Australia Trade Agreement and urged that there was a need to correct Australia's balance of trade with Canada, which was unfavourable at that time. It should be noted that the Agreement makes no mention of rates of duty or margins of preference on photographic equipment.

Bell & Howell, whose principal manufacturing activity in Canada is motion picture projectors, supported its proposal by stating that the proposed reduction in the rates of duty on motion picture projectors, even if accompanied by free entry of parts, would make it more profitable for the company to import complete projectors from its parent company than to make them in Canada. The company spokesman also said that, as regards the products which it makes in Canada, the company's only need for protection was against the products manufactured by its parent company. He added that the Canadian subsidiary had been successful in establishing itself with the assistance of the existing M.F.N. duties.

The Tariff Proposals and Their Implications

The C.P.T.A. proposed that movie projectors sold for amateur use should be distinguished from those for professional use on the basis of the width of film for which the projectors were designed. In the Association's proposals, projectors designed for films less than 16 mm. in width would be regarded as being for amateur use and those designed for films 16 mm. or more in width, for professional use. The wording of the tariff items proposed by the C.P.T.A. was said to be derived from the B.T.N.

The Association's proposals provided two items for 8 mm. movie projectors in order to distinguish between 8 mm. motion picture projectors with and without sound capabilities.

The proposed differentiation between 8 mm. projectors and 16 mm. or larger-format projectors would not adequately distinguish between amateur and professional equipment. Although most projectors which use film 16 mm. or more in width are for professional use, some 16 mm. projectors are purchased by amateurs. Similarly, most 8 mm. projectors are used by amateurs, but 8 mm. equipment is being used increasingly by professionals, particularly for television films. Thus, the proposed distinction between professional and amateur movie projectors would not achieve its purpose. Also, the proposed differentiation on the basis of film width would include 35 mm. and 70 mm. motion picture projectors with 16 mm. projectors. Such an inclusion would classify very expensive professional projectors of a class or kind not made in Canada with the much cheaper 16 mm. projectors which are now ruled to be made in Canada.

The differentiation between 8 mm. projectors without sound capabilities and those with sound capabilities would distinguish between the former, which are now ruled to be of a class or kind made in Canada, and the latter, which are not so ruled at the present time although some are made in Canada. Thus, the proposed distinction would not, in fact, differentiate between motion picture projectors produced in Canada and those not produced in Canada. Furthermore, as shown by the submissions of the commercial users of photographic equipment and recent experience in both Canada and the United States, the newer 8 mm. projectors are being used increasingly for commercial purposes, particularly in connection with television. Thus, the proposed provisions for 8 mm. projectors with sound capabilities would apply to the complex, very much more expensive, super 8 mm. projectors suitable for cablevision and television broadcasts and other commercial applications, priced at more than \$1,000, as well as to the relatively inexpensive projectors used for home movies, priced at retail at about \$250. Only the latter type is assembled in Canada.

Bell & Howell, which imports some models of motion picture projectors for distribution in Canada, indicated that it wished the tariff items relating to projectors to provide broad coverage for the sound equipment used therewith. The sound reproducing capability may be built into the projector, it may be a detachable part of the projector, or it may be a separate unit which is plugged into the projector to provide accompanying or synchronized sound. At the present time, projectors with sound equipment built into the unit are treated as such; sound equipment which is not part of the unit, or is imported separately, is provided for elsewhere in the Customs Tariff and is classified under items not specifically referred to the Board. It is doubtful whether the wording of the items as proposed by the C.P.T.A. and intended to provide for sound projectors would materially alter this situation.

Table 3-11: Comparison of Existing Rates of Duty with
Those Proposed for Motion Picture Projectors (a)

1. Motion picture projectors for film-width less than 16 mm.

(a) Without sound capabilities

	<u>B.P.</u>	<u>M.F.N.</u> (b)	<u>General</u>
Tariff item 46305-1 (c)	Free	15 p.c.	35 p.c.
C.P.T.A.	Free	10 p.c.	35 p.c.
Bell & Howell, Kodak Canada	5 p.c.	15 p.c.	35 p.c.
Hanimex	Free	15 p.c.	(e)
Various commercial users (d)	Free	Free	Free

(b) With sound capabilities

Tariff item 46305-1 (c)	Free	15 p.c.	35 p.c.
C.P.T.A.	Free	7½ p.c.	35 p.c.
Bell & Howell, Kodak Canada	5 p.c.	15 p.c.	35 p.c.
Hanimex	Free	15 p.c.	(e)
Various commercial users (d)	Free	Free	Free

2. Motion picture projectors for film-width 16 mm. or more

Tariff item 46305-1 (c)	Free	15 p.c.	35 p.c.
C.P.T.A.	Free	10 p.c.	35 p.c.
Bell & Howell, Kodak Canada	5 p.c.	15 p.c.	35 p.c.
Hanimex	Free	15 p.c.	(e)
Various commercial users (d)	Free	Free	Free

(a) Based on classification proposed by the C.P.T.A. The proposals provided for parts at the same rates as for the projectors. Only the principal items which would apply are listed. The table excludes the proposal of W. Carsen Co. Ltd. regarding rates under the General Tariff, and the proposal by Berkey Photo for rates of 5 p.c., B.P., 15 p.c., M.F.N., and 30 p.c., General, for all projectors.

(b) The rates shown are those in effect prior to the Budget of February 19, 1973.

(c) Tariff item 46305-1 makes no distinction on basis of film-width or sound capabilities.

(d) When purchased for use in the practice of professional photography.

(e) No proposals made.

The tariff proposals relating to motion picture projectors followed a similar pattern to those proposed for cameras and, more particularly, to those for still picture projectors. The importers and distributors proposed reductions in the M.F.N. rates; the Canadian manufacturers proposed increases in the B.P. rates; the professional and commercial users of motion picture projectors urged free entry under all tariffs for all kinds of photographic equipment used for commercial purposes, including motion picture projectors. The rate proposals are tabulated above according to the tariff items proposed by the C.P.T.A.

During the period, 1969 to 1971, 96.6 per cent of the value of imports of motion picture projectors originated in M.F.N. countries, 3.4 per cent in B.P. countries, and none in countries subject to the General Tariff; in 1972, 98.6 per cent of the value of imports originated in M.F.N. countries and all of the remaining 1.4 per cent in B.P. countries. In all four years more than 99 per cent of the projector units originated in M.F.N. countries. Thus, as regards imports of movie projectors, only the M.F.N. rates of duty are of significant importance.

The reductions in the M.F.N. rates of duty on motion picture projectors, proposed by the C.P.T.A., was coupled with a proposal that parts of projectors for use in manufacturing should be free of duty. As noted later in this section, the net effect of these proposals on Canadian producers appears to be that the savings in the duty on parts would offset all or most of the reduction in the prices (equivalent to f.o.b. Canadian plant prices) resulting from the proposed reductions in the M.F.N. duties.

The C.P.T.A. proposals would reduce the M.F.N. duty on 8 mm. projectors without sound capabilities from 15 p.c. to 10 p.c., and on 8 mm. projectors with sound capabilities from 15 p.c. to $7\frac{1}{2}$ p.c. The former are assembled in Canada by both Bell & Howell and Kodak Canada; the latter are assembled in Canada only by Bell & Howell, but have not been ruled as made in Canada. These proposals would reduce the protection available to the Canadian producers but, at the same time, they would also tend to reduce the costs of 8 mm. projectors to Canadian purchasers and encourage a larger volume of sales in Canada.

Eight mm. projectors with sound would be used both for home movies and for the transmission of television and cablevision programs. The quality and features of the projectors used for commercial purposes make them much more expensive than those which would be used by amateurs. As a result, the effect of the duty on prices would be greater for professional than for amateur equipment.

The C.P.T.A. proposal for projectors designed for films 16 mm. or more in width would reduce the protection on domestic 16 mm. projectors from 15 p.c. to 10 p.c., M.F.N. However, the Association's proposal regarding the free entry of parts for such projectors would, it is estimated, offset most or all of the effect of the reduction in duty on prices of Canadian projectors, f.o.b. plant.

As noted, the inclusion of 35 mm. and 70 mm. projectors in the same tariff item which would apply to 16 mm. projectors of the kind assembled in Canada, would make such commercial equipment dutiable at the same rates as were intended to protect Canadian 16 mm. projectors. Commercial 35 mm. motion picture projectors are very expensive and would not compete with domestic products, but the effect of even a low rate of duty on their cost would be substantial.

Both Canadian producers proposed an increase in the B.P. rate on motion picture projectors from Free to 5 p.c., but proposed the retention of the existing M.F.N. and General rates of duty. In support of the proposed increase in the B.P. rate, the spokesman for Bell & Howell said only that this would establish the same rate for motion picture projectors as that proposed for still projectors. Neither Bell & Howell nor Kodak Canada indicated why the B.P. rates on motion picture projectors should be increased. B.P. imports account for only one to three per cent of the total value of imports, and appear to consist of high-priced projectors for professional use, not competitive with those assembled in Canada. As a result, the proposed increase would raise the cost of these professional projectors of B.P. origin to Canadian purchasers without any compensating benefit to the Canadian producers.

The Hanimex proposal for the maintenance of the existing rates of Free, B.P. and 15 p.c., M.F.N., for all motion picture projectors, would retain the existing preferential margin. This margin of preference would be useful to Hanimex if the company began to export motion picture projectors to Canada.

The proposals of the commercial users for duty-free entry of motion picture equipment for professional use is discussed in some detail in Chapter 6. With the exception of some kinds of 16 mm. projectors, motion picture projectors suitable for commercial use, are not made in Canada. Thus, the proposals would permit duty-free entry of 35 mm. and 70 mm. projectors as well as those kinds of 8 mm. and 16 mm. projectors not available from Canadian producers. Another effect of the proposals would be to eliminate the protection for those Canadian-made 16 mm. projectors now sold for commercial use.

The Competition from Imports

Imports under the B.P. Tariff are of little significance relative to total imports and, apparently, of negligible importance relative to Canadian production and the total market demand. During the five years, 1967 to 1971, B.P. imports averaged 126 units per year valued at \$72,000; their average unit value, f.o.b. country of origin, varied from a low of \$474, in 1970, to a high of \$1,286, in 1968. In the three-year period 1969 to 1971, they averaged 196 units valued at \$103,700 per year, with an average unit value of \$529, f.o.b. country of origin.

The imports of B.P. origin, 1969 to 1971, constituted less than one per cent of the average number of motion picture projectors sold in Canada and for about three per cent of the total value of sales, in that period. Their approximate average retail list price is estimated at about \$1,200, considerably more than the highest-priced

Canadian-made projector. In view of the very small proportion of the Canadian demand supplied by B.P. imports and their high average price, they appear to be of little significance as a competitive factor in the Canadian market.

Motion picture projectors have not been imported from countries subject to the General Tariff since at least 1964 and, therefore, imports from these countries are not a competitive factor in the Canadian market.

Thus, the only significant competition faced by Canadian producers is from imports originating in M.F.N. countries. During the period 1969 to 1971, M.F.N. imports accounted for 99.3 per cent of the numbers and 96.6 per cent of the value, of imports from all countries; in 1972 they were an even larger percentage of the total. Almost all imports of M.F.N. origin are dutiable at 15 p.c. (93.0 per cent between 1969 and 1971). The remaining seven per cent are entered free of duty and would consist of motion picture projectors of a class or kind not made in Canada entered mainly under item 69605-1. The projectors which would be classified under item 69605-1 would include special types of 8 mm. and 16 mm. projectors as well as a small number designed for 35 mm. and other sizes of film.

Three countries, the United States, Japan and Austria, accounted for 91 per cent of the numbers and 82 per cent of the value of the motion picture projectors imported from all countries. Almost all of the imports from Austria and most of the imports from Japan and the United States are of 8 mm. projectors, a large proportion without sound capabilities. Most of the imported 16 mm. projectors originate in the United States. The unit value of imports from the principal foreign suppliers of the Canadian market is given in Table 3-12.

Table 3-12: Unit Value of Imported Motion Picture Projectors, by Country of Origin, 1969-72

<u>Country of Origin</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
	\$ per unit			
Austria	50	46	50	43
Japan	54	64	45	50
U.S.A.	159	160	157	144

Source: Derived from Statistics Canada data

The average unit value of the projectors imported from Austria and Japan ranged from \$43 to \$64 per unit, f.o.b. country of origin, during the four years shown in Table 3-12; the approximate corresponding retail list prices in Canada would have ranged from about \$115 to \$170, per unit. This is roughly the retail price range of Canadian projectors. The very much higher unit values of the imports from the United States reflect the mixture of 8 mm. and 16 mm. projectors imported from that country; imports from Austria and Japan are almost entirely 8 mm. projectors, the great majority without sound capabilities.

It is apparent, from the foregoing, that imported 8 mm. projectors compete directly with the output of Bell & Howell and Kodak Canada. It is difficult to assess the competition from imported 16 mm. projectors because of insufficient data. About 60 to 65 per cent of the imported 16 mm. projectors appear to originate in the United States and some 10 to 20 per cent in Japan. As far as can be determined from the published statistics, a large proportion of these would be competitive with projectors made in Canada.

Although there is considerable competition from imports, the two Canadian manufacturers have a considerable advantage over foreign suppliers in supplying the Canadian market. With the existing duty of 15 p.c., M.F.N., an imported 8 mm. projector directly competitive with a popular Canadian model of 8 mm. projector would be sold by a foreign manufacturer at \$57 f.o.b. the foreign plant; the estimated plant price of this model, in Canada, is \$67. Similarly, a foreign 16 mm. projector competitive with a popular Canadian model would be priced at an estimated \$341 f.o.b. the foreign supplier and at about \$404 f.o.b. the Canadian plant (see Table 3-13). These differences give the Canadian producers a significant advantage in meeting the competition of imported projectors.

To the extent that the Canadian producers are also distributors of imported products, Bell & Howell and Kodak products have certain advantages over foreign brands sold in the Canadian market, particularly over less well-established brands. These advantages include the ability to supply motion picture projectors in small numbers at short notice, the greater availability of service, and the Canadian public's familiarity with and confidence in, the brand names of the companies' products. The advertising of Bell & Howell and Kodak in United States media may also be a factor in meeting the competition from imports originating in countries other than the United States.

The Arguments Relating to Protection

The case for protection was put forward mainly by Bell & Howell, the dominant Canadian producer of motion picture projectors. The company spokesman argued that a reduction from 15 p.c. to 10 p.c., M.F.N., would have a significant effect on the prices of the imported projectors with which Bell & Howell's products compete and that a reduction from $7\frac{1}{2}$ p.c. to Free on parts would have a lesser effect on the company's costs because imported parts account for only 40 to 45 per cent of the selling prices of Bell & Howell's Canadian-made projectors. The spokesman claimed that the result of simultaneous reductions in the rates on projectors and parts thereof, noted above, would make the distribution of projectors imported from the United States more profitable than their production in Canada.

In urging the retention of the existing M.F.N. duty, the company representative said, "We trust that the Government considers production in Canada desirable, even though duty incentives are necessary to keep the industry healthy and existent."⁽¹⁾ He also stated that if changes in duty compelled the company to shift from manufacturing to importing, it would lose its investment as a Canadian manufacturer and reduce its employment; in 1970, Bell & Howell employed about 90 persons in the manufacture of photographic equipment.

⁽¹⁾ Transcript, Vol. 4, p. 531

As already mentioned the only significant competition from foreign suppliers of motion picture projectors originates in M.F.N. countries. The protection afforded by the 15 p.c., M.F.N. duty is substantial; this is illustrated in Table 3-13 which is based on two models of motion picture projectors made both in Canada and the United States. One of the projectors is a currently popular 8 mm. model, without sound capability, with a retail list price of \$150; the other is a large-selling 16 mm. projector, with sound capability, priced at retail list at approximately \$905.

Table 3-13 is an attempt to estimate the effect of three different rates of duty on the retail selling price in Canada and on the value f.o.b. Canadian plant, of those two projectors. The calculations of the values f.o.b. Canadian plant are based on the assumption that domestic producers take full advantage of the available protection. The calculations also assume average mark-ups of 33.3 per cent by the distributor and 37.5 per cent by the retailer. As the table indicates, the value for duty remains unchanged. However, the values of the projectors f.o.b. Canadian plant change so that they may compete with the decreasing cost of the imported projectors resulting from the reduction of the duty from 15 p.c. to 10 p.c. to Free.

Table 3-13: Estimated Effects on Retail Prices and on Values f.o.b. Canadian Plant of Different Rates of Duty on Two Selected Movie Projectors

	<u>8 mm. without sound</u>		<u>16 mm. with sound</u>	
	<u>Imported</u>	<u>Canadian</u>	<u>Imported</u>	<u>Canadian</u>
	- dollars -		- dollars -	
<u>Duty on imported model, 15 p.c.</u>				
Retail list price in Canada	150	150	905	905
Estimated retail selling price	138	138	830	830
Estimated value for duty	57	-	341	-
Estimated value f.o.b.				
Canadian plant	-	67	-	404
<u>Duty on imported model, 10 p.c.</u>				
Retail list price in Canada	144	144	867	867
Estimated retail selling price	132	132	795	795
Estimated value for duty	57	-	341	-
Estimated value f.o.b.				
Canadian plant	-	64	-	387
<u>Duty on imported model, Free</u>				
Retail list price in Canada	131	131	791	791
Estimated retail selling price	120	120	725	725
Estimated value for duty	57	-	341	-
Estimated value f.o.b.				
Canadian plant	-	59	-	353

The values of the two projectors, f.o.b. Canadian plant are estimated at approximately \$67 and \$404 for the 8 mm. and 16 mm. projectors, respectively, when the duty is 15 p.c.; this is approximately 19 per cent higher than the estimated corresponding prices (\$57 and \$341) f.o.b. United States plant, for the imported projectors. As would be expected, the differences between the estimated f.o.b. plant prices in the United States and Canada become smaller as the rate of duty decreases: with a duty of 10 p.c., the f.o.b. plant value in Canada is about 14 per cent higher than in the United States; with free entry the difference shrinks to about four per cent.

As the above indicates, the effect of a reduction in the M.F.N. duty on motion picture projectors would be to lower the costs of competing imported projectors and, therefore, to depress the prices of Canadian-made projectors, assuming that Canadian producers price up to the tariff. It is estimated that the effect of a reduction in the duty from 15 p.c. to 10 p.c., M.F.N., would result in the prices of the Canadian-made 8 mm. and 16 mm. projectors used for illustration in Table 3-13, being reduced by \$3.00 and \$17.00, respectively, f.o.b. Canadian plant in order to meet the competition of the now lower-priced imports, following the tariff reduction.

Most parts of motion picture projectors are dutiable at $7\frac{1}{2}$ p.c., M.F.N., under items 46320-1 and 46325-1, but some are dutiable at 15 p.c. under other items, as for example item 46330-1 which provides for electric motors. However, if it is assumed that all imported parts are dutiable at $7\frac{1}{2}$ p.c. and that they constitute 45 per cent of the distributor's selling prices of the two projectors, the amount of duty which would be saved if parts were entered free of duty, would amount to approximately \$3.00 for the 8 mm. unit and \$18.00 for the 16 mm. unit used in Table 3-13. This would compensate fully for the reductions of \$3.00 and \$17.00, respectively, in the selling prices f.o.b. Canadian plant resulting from the now lower-priced imported projectors. If imported parts constituted 40 per cent of the distributor's selling price, the amount of duty which would be saved would amount to approximately \$2.50 and \$16.00, respectively, slightly less than the reductions in the estimated f.o.b. Canadian plant prices.

Although the figures given above are only rough approximations, they suggest that the availability of duty-free parts for manufacture would largely offset the loss resulting from the lower prices which would be charged for the Canadian projectors in a competitive market. To the extent that parts of projectors are dutiable at higher rates than $7\frac{1}{2}$ p.c., the savings resulting from duty-free parts would be larger; similarly, the savings would be greater if imported parts constituted more than 45 per cent of the selling price.

The values shown in Table 3-13 and those discussed in the above are based on assumed mark-ups of 37.5 per cent on the cost to the retailer and of 33.3 per cent on the cost to the distributor. It is important to note that if the actual mark-ups were different from those used in the example, they would affect the calculated prices f.o.b. plant, the estimated cost of imported parts, and the duty attributed to the imported parts. For example, if the retail mark-up on the 16 mm. projector was actually 50 per cent and the distributor's mark-up remained at 33.3 per cent, the estimated effect of a reduction in the duty from 15 p.c. to 10 p.c. would be to reduce the f.o.b. plant price, in Canada, by \$14 per unit and to make the savings of the duty on the imported parts \$16, if the cost of imported parts constituted 45 per cent of the distributor's selling price. On the other hand, if the retail mark-up was 50 per cent and the distributor's mark-up was 25 per cent, the plant price would decline by \$17 and the savings of duty on parts would amount to \$16, calculated on the assumption that the cost of imported parts constituted 45 per cent of the distributor's selling price.

The mark-ups used in the above examples range from 37.5 to 50 per cent at the retail level, and from 25 to 33.3 per cent at the distributor level. However, in spite of the range of the assumed mark-ups, it would seem that a reduction in the duty on parts of projectors from $7\frac{1}{2}$ p.c. to Free would largely, or entirely, compensate for the effect of a reduction in the duty on projectors from 15 p.c. to 10 p.c., M.F.N.; this is evident from the following summary.

Table 3-14: Estimated Effects of Simultaneous Reductions in Duties on Motion Picture Projectors and the Parts Used in Their Assembly, Various Assumptions(a)

Assumed Mark-ups				
		-	per cent	-
Distributor mark-up	33.3	25.0	20.0	33.3
Retailer mark-up	<u>37.5</u>	<u>50.0</u>	<u>60.0</u>	<u>50.0</u>
Total mark-up on value f.o.b.				
Canadian plant	83.3	87.5	92.0	100.0
<u>Duty on projectors reduced from 15 p.c. to 10 p.c.</u>				
		-	dollars per unit	-
Effect on value f.o.b. Canadian plant	-17	-17	-16	-14
<u>Duty on parts for projectors reduced from $7\frac{1}{2}$ p.c. to Free</u>				
		-	dollars per unit	-
Duty saved, assuming cost of imported parts is:				
40% of distributor price	-16	-15	-14	-15
45% of distributor price	-18	-16	-15	-16
50% of distributor price	-20	-18	-17	-18

(a) As in Table 3-13, the calculations are based on a popular 16 mm. projector with a retail list price of \$905.

During the course of the hearing, the Bell & Howell spokesman made it clear that the Canadian subsidiary had exclusive market rights in Canada for Bell & Howell products. It would seem from the statements regarding exclusive market territories and the estimates of Tables 3-13 and 3-14, that the Canadian company was less concerned with the prospect of actually competing with Bell & Howell projectors imported from the United States, than with the relative degree of profitability of assembling projectors in Canada as against distributing imported projectors. The company's submissions indicated that its claims were based on an accounting study which they had made to determine the profitability of assembly as against distribution for at least one large-selling model of projector, based on the proposals of the C.P.T.A. for simultaneous reductions in the rates of duty on projectors from 15 p.c. to 10 p.c. and on parts thereof from $7\frac{1}{2}$ p.c. to Free.

Bell & Howell's views regarding reductions in duty may have reflected its situation regarding 16 mm. projectors with sound. Bell & Howell is the dominant Canadian producer of these projectors, a substantial proportion of which are sold in the audio-visual market. If the present ruling were changed so that 16 mm. projectors with sound were declared to be of a class or kind not made in Canada and, therefore, were eligible for entry by qualified educational institutions under item 69605-1 free of duty and sales tax, Bell & Howell would be at little, if any, disadvantage relative to Kodak Canada or imported projectors, if Bell & Howell decided to merely distribute 16 mm. projectors with sound and import them from its parent company in the United States, rather than make them in Canada.

The company may also have taken into account its well-established position in the Canadian market and the confidence of Canadian purchasers in its products. The company's belief that Canadian purchasers consider its projectors to be unique in some ways is suggested by its statement that the only protection it needs is against the products of its parent company.

The two specific projectors used for illustration above, have been ruled as of a class or kind made in Canada. They would not, therefore, be classified under tariff item 69605-1, even if imported by a qualified institution and would be subject to both duty and sales tax. As a result, a qualified institution would pay about \$22 more for the 8 mm. projector without sound and about \$130 more for the 16 mm. projector with sound capabilities, assuming that it purchased at the distributor level.

The effect of the duty and sales tax on prices to qualified institutions is illustrated by the following actual example. A catalogue published by a large retail distributor lists two models of sophisticated 8 mm. projectors with sound at prices of \$515 and \$635, respectively, when purchased by an ordinary consumer, and at \$415 and \$485, when purchased by a qualified institution. If these projectors were ruled "made in Canada", the prices paid by ordinary consumers and by institutions would be a good deal closer. It would appear that the effect of the duty, sales tax and the mark-ups, results in an increase in the prices paid by educational institutions for these projectors, of 24 per cent and 31 per cent, respectively.

The Hanimex case for rates of Free, B.P. and 15 p.c., M.F.N., on motion picture projectors and parts, was based exclusively on the claim of mutual benefits of the preferential tariff to Canada and Australia. The company presented no evidence to indicate why a preferential margin of 15 p.c. was necessary or why a smaller preferential margin would be detrimental.

Canadian distributors cited the requirement that imported projectors must meet Canadian Standards Association (C.S.A.) standards as constituting a non-tariff barrier to trade which increases their costs. However, considering the large size of the market for such goods in Canada relative to other countries, the variety of the electrical standards in other countries, and the long period of time that major producers have been exporting to Canada in very substantial quantities, it is doubtful whether C.S.A. standards can be considered a non-tariff barrier of significant importance. The need for bilingual

plates and instruction manuals was also cited as a non-tariff barrier. However, these, too, cannot be regarded as being of significant importance for companies which must take account of the many different languages of the countries to which they export.

Some Effects of the Duties on Motion Picture Projectors

As indicated in the preceding discussions, the duties on motion picture projectors increase the prices of imported projectors and also permit Canadian producers to raise the prices of domestic projectors. The higher prices constitute costs to Canadian consumers; the duties collected are a partially offsetting benefit because they become part of the general revenues of the Government; the higher prices received by domestic producers increase their sales income and is a benefit to them.

During the period 1969 to 1971, the cash costs to Canadian consumers resulting from the effect of the duties on prices of imported and domestic motion picture projectors is estimated at about \$1.6 million per year. The cash benefit to the Canadian manufacturers, resulting from the higher return they are able to obtain, f.o.b. plant, is estimated at \$300,000 to \$400,000 per year, about 20 to 25 per cent of the estimated cash cost to Canadian consumers. The burden on consumers appears inordinately heavy relative to the cash benefits to producers. This is especially so, given the small use which is made of Canadian resources in the assembly of motion picture projectors in Canada. As indicated previously, the increase in sales which can reasonably be expected to follow a reduction in duty and price would probably leave the financial position of distributors and retailers unchanged.

CHAPTER 4: PARTS OF CAMERAS AND PROJECTORS

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CHAPTER 4: PARTS OF CAMERAS AND PROJECTORS

INTRODUCTION

This Chapter deals primarily with parts for use in the manufacture of cameras and projectors. Parts of cameras and projectors for use as replacements or for repair are dealt with briefly at the end of this Chapter.

In the items referred to the Board, there are provisions for "unfinished parts", "parts" and "complete parts" of photographic equipment. "Unfinished parts" require some further manufacture before they are ready to be incorporated into the product for which they are designed. In administrative practice there is little difference between "parts" and "complete parts". Complete parts are components ready for use in the articles and would include assemblies or sub-assemblies of "parts" as well as single "complete parts". While "complete parts" may also be described as "parts", the latter term has also been held to cover some parts, such as rough castings, which require a little further fabrication, if they are identifiable as being intended for the designated product. However, none of the various provisions for parts are applicable to goods such as metal screws which are more specifically provided for elsewhere in the Customs Tariff.

The parts used in the manufacture of cameras and projectors include such items as screws, metal stampings, springs, castings, unmounted lenses, mountings, electrical and electronic components and a very large variety of other components and materials. They also include partially or completely assembled units, ready for mounting on the body of a camera or projector.

It is apparent, from the above, that the cost of the parts used in manufacturing would vary greatly depending on whether they consisted of such things as stampings, springs or screws, or whether they were ready-to-mount electronic sub-assemblies or complete lens and shutter assemblies. It is also apparent that the value added in Canada would be much less if complete parts and sub-assemblies were imported for use in manufacture than if unfinished, component parts, were imported for this purpose.

Because the Canadian photographic equipment industry is dominated by two companies, Bell & Howell and Kodak Canada, no public data, beyond the published import statistics, are available regarding parts used in the manufacture of cameras and projectors.

THE PREPONDERANCE OF IMPORTS

The sections of the Report dealing with still and motion picture cameras and projectors indicate that most parts used in their assembly, in Canada, are imported. Based on its public submissions, it appears that the parts imported by Bell & Howell, the dominant Canadian manufacturer of projectors, accounted for an average of about 50 to 60 per cent of its estimated prices f.o.b. plant and, in some instances, was as high as 67 per cent of the estimated f.o.b. plant price. According to the statements of Kodak spokesmen, these percentages would be higher in the case of Kodak Canada, the only Canadian producer of cameras and slide projectors.

Apart from parts which would be classified according to their nature, such as screws, most parts of projectors would be entered under the three tariff items shown in Table 4-1.

The situation is different in the case of cameras: Kodak Canada, the only Canadian producer, indicated that it imports only finished parts; most of these would be entered as "complete parts" under item 46205-1. Unfortunately, the parts cannot be segregated from the cameras which are also entered under this item. However, it can be inferred from statements of company spokesmen that imported parts constituted 65 per cent or more of estimated Kodak Canada prices f.o.b. plant. Based on the estimated value of Canadian shipments of still and motion picture cameras, the total value of imported parts for manufacture of cameras, f.o.b. country of origin, appears to have averaged about \$2.4 million per year, 1969 to 1971.

Table 4-1: Imports of Parts of Cameras and Projectors for Use in Manufacture, by Specific Tariff Items, 1968-72

<u>Item & Brief Description</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>Average</u> <u>1969-71</u>
	- \$'000 (value for duty) -					-
<u>Parts of Cameras for Manufacture</u>						
46225-1 lenses & shutters	158	222	313	541	634	359
46230-1 unfinished parts	17	25	10	1	31	12
46255-1 rangefinders, flash apparatus, exposure meters	<u>245</u>	<u>297</u>	<u>272</u>	<u>330</u>	<u>660</u>	<u>300</u>
Sub-total	<u>420</u>	<u>544</u>	<u>595</u>	<u>872</u>	<u>1,325</u>	<u>671</u>
Estimated imports of "complete parts" of cameras(a)	<u>1,096</u>	<u>1,420</u>	<u>1,553</u>	<u>2,276</u>	<u>3,458</u>	<u>1,750</u>
Total	<u>1,516</u>	<u>1,964</u>	<u>2,148</u>	<u>3,148</u>	<u>4,783</u>	<u>2,421</u>
<u>Parts of Projectors for Manufacture</u>						
46320-1 lenses & shutters	233	306	318	314	403	313
46325-1 parts excl. motors, bulbs, tubes & exciter lamps	<u>3,109</u>	<u>3,228</u>	<u>2,727</u>	<u>3,238</u>	<u>2,971</u>	<u>3,064</u>
46330-1 electric motors	<u>29</u>	<u>79</u>	<u>22</u>	<u>10</u>	<u>7</u>	<u>37</u>
Total	<u>3,371</u>	<u>3,613</u>	<u>3,067</u>	<u>3,562</u>	<u>3,381</u>	<u>3,414</u>

(a) Based on same proportion of total imports as estimated for period 1969-71

Source: Derived from Statistics Canada data

An analysis of the imports of parts of cameras, excluding lenses, reported by Statistics Canada in commodity class (c.c.) 911-39, together with the value of imports of lenses and shutters under tariff item 46225-1, tends to support such a conclusion; although the imports in c.c. 911-39 include replacement parts for all cameras, in addition to parts for manufacturing, a large part of the total probably applies to the complete parts used in assembling still and motion picture

cameras in Canada. Imports in c.c. 911-39 averaged \$2.0 million per year, between 1969 and 1971; imports of lenses and shutters under item 46225-1 would add \$0.4 million to this figure. A relatively small allowance would have to be made for imports under items not specifically referred to the Board. Thus, if the imports in c.c. 911-39 are reduced by a small amount to allow for replacement and repair parts and some allowance is made for imports under items not specifically referred to the Board, this net amount, together with imports of lenses and shutters under item 46225-1, would represent the value of imports of parts of cameras used in manufacturing and would be approximately of the same order as noted earlier. Imports of parts, by tariff item, are given in Table 4-1, for the period 1968 to 1972.

Imports of parts of cameras and projectors are included in commodity classes 911-39 (parts of cameras other than lenses), 912-19 (projection apparatus and parts, other than lenses), and 919-39 (camera and projection lenses). However, all three commodity classes include parts for replacement as well as parts for manufacture and c.c. 912-19 included projection apparatus, such as overhead projectors, until 1971, and continues to include projection screens and other projector accessories. As a result, the imports by commodity class are less useful than imports by tariff item, in establishing the extent of the imports of parts for use in the manufacture of cameras and projectors.

Table 4-1 appears to be a fairly accurate reflection of the value of imports of parts of projectors for use in manufacturing, \$3.4 million per year, 1969 to 1971. The corresponding value of imports of parts of cameras for use in manufacturing, in this period, was estimated at approximately \$2.4 million. The sum of these two figures suggests that average imports of parts of cameras and projectors for manufacturing were valued at about \$5.8 million per year, f.o.b. country of origin, during the period 1969 to 1971.

The submissions of Kodak Canada indicated that it imported almost all of the parts used in the assembly of cameras and projectors. The Canadian materials and supplies used in connection with these operations appear to consist almost entirely of packing and packaging materials, wrist straps, and instruction manuals. Kodak Canada also obtains the flashcubes and batteries used in its cameras from Canadian manufacturers. The value of Canadian parts which would actually enter into the assembly of Kodak Canada's cameras and projectors would probably be significantly less than five per cent of the total value of such parts.

Kodak Canada's spokesman said that the weighted average rate of duty the company paid on imported parts was 10 p.c. Applying this rate to the value of imported parts of cameras, estimated at \$2.4 million per year and allowing for costs of transportation, suggests that imported parts of cameras, delivered at Canadian plant, were valued at approximately \$2.8 million per year, 1969 to 1971.

During the public hearing, Brevel Products Limited, a manufacturer of small electric motors, claimed that its sales of electric motors for use in Canadian projectors amounted to \$100,000 per year. Because Bell & Howell is the dominant Canadian producer of motion picture projectors and in the light of Kodak Canada's submissions,

sales by Brevel products would be almost entirely to Bell & Howell. The submissions of Canadian General Electric Company Limited (C.G.E.) indicated that Canadian-made projection lamps were used as original equipment in some Canadian projectors. The extent of these sales is not known but, in view of Kodak's representations, they too would be largely to Bell & Howell. It is probable that Bell & Howell's purchases of Canadian-made motors and lamps would account for a large part of the difference between Bell & Howell and Kodak Canada, in respect of the Canadian content of the photographic equipment the two companies assemble in Canada.

In terms of value, imports of unfinished parts of cameras have been negligible for several years. Imports of unfinished parts under item 46230-1 were small even in 1972, the peak year between 1966 and 1972. The value of imports under item 46230-1 indicates that parts of cameras for use in manufacturing are imported almost entirely as finished or complete parts; this was confirmed by Kodak Canada at the public hearing. The Customs Tariff does not provide for unfinished parts of projectors.

Imports of parts for manufacturing have been increasing in recent years (Table 4-1), reflecting the expanding Canadian production of cameras and projectors. Although imports of electric motors for projectors and of unfinished parts for the manufacture of cameras have decreased during the five-year period covered by Table 4-1, the decrease in imports of motors may be more apparent than real. Electric motors for projectors may be entered under item 46330-1 or 44516-1. The rates of duty have been the same under both items since June 1969 and the reduction in imports under item 46330-1 might reflect the fact that more motors were being classified under item 44516-1.

Imports of electric motors under item 46330-1 have been small in recent years. It is possible that they have been obtained largely from Canadian manufacturers and the submission of Brevel Products Limited tends to support such a conclusion. However, as noted above, electric motors may also have entered under item 44516-1, which provides for the same rates of duty as item 46330-1.

In summary, it can be said that most parts of the cameras and projectors assembled in Canada are imported. The principal Canadian parts and materials consist of slide trays, projector motors, projection lamps, packing and packaging materials, instruction manuals, and wrist straps.

TARIFF CONSIDERATIONS

Twelve of the twenty tariff items specifically referred to the Board cover parts of cameras and projectors. Six of the twelve make specific provision for parts for use in the manufacture of cameras or projectors. Of the remaining six, two apply to "complete parts" of cameras, two to parts of "professional" cameras, and two to parts of projectors. The twelve items are given below in abbreviated form; the full text of these items is reproduced in Chapter 1.

		<u>B.P.</u>	<u>M.F.N.</u>	<u>Gen.</u>
<u>Parts for Use in Manufacturing</u>				
<u>Cameras</u>				
46225-1	Lenses, shutters; parts thereof	Free	Free	30 p.c.
46230-1	Parts, unfinished	Free	Free	7½ p.c.
46255-1	Rangefinders, flash apparatus, exposure meters; parts thereof	Free	Free	10 p.c.
<u>Projectors</u>				
46320-1	Lenses, shutters; parts thereof	Free	7½ p.c.	35 p.c.
46325-1	Parts, excluding electric motors, light bulbs, tubes, exciter lamps	Free	(a) 7½ p.c.	30 p.c.
46330-1	Electric motors	15 p.c.	15 p.c.	37½ p.c.
<u>Parts for Replacement or Manufacturing</u>				
<u>Cameras</u>				
46205-1	Complete parts for cameras made in Canada	7½ p.c.	15 p.c.	30 p.c.
46210-1	Complete parts for cameras not made in Canada	5 p.c.	15 p.c.	30 p.c.
46215-1	Parts for cameras with negative size 3¼" by 4¼" or more	Free	Free	10 p.c.
46220-1	Parts for movie cameras, producers with studios	Free	Free	15 p.c.
<u>Projectors</u>				
46200-1	Parts for still picture projectors ^(b)	2½ p.c.	15 p.c.	30 p.c.
46305-1	Parts for motion picture projectors ^(b)	Free	15 p.c.	35 p.c.

(a) Reduced to Free, May 8, 1973

(b) Other than those specified in other items

Parts of cameras and projectors may also be entered under items such as 41205-1 which relates to cameras used in printing, and item 69605-1 which provides for imports by certain qualified institutions. However, most parts of cameras and projectors would be entered under the twelve items referred to above.

Most of the imports under the 12 items are classified in the three commodity classes for which statistics are published. The average distribution of these imports of parts for replacement and manufacturing, by Tariff, is given in Table 4-2 for the period 1969 to 1971.

Table 4-2: Distribution of Imports of Parts of Cameras and Projectors, Annual Averages 1969-71

<u>Commodity Class</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>Total</u> ^(a)	<u>B.P.</u>	<u>M.F.N.</u>	<u>Total</u>
	- \$'000 per year -			- per cent of total -		
Camera & projector lenses	95	3,183	3,278	2.9	97.1	100.0
Other parts of cameras	76	1,901	1,981	3.8	96.0	100.0
Projector apparatus & parts	<u>94</u>	<u>6,831</u>	<u>6,925</u>	<u>1.4</u>	<u>98.6</u>	<u>100.0</u>
Total imports (3 classes)	264	11,915	12,184	2.2	97.8	100.0
Imports under 12 tariff items referred to the Board	167	9,152	9,323	1.8	98.2	100.0
			- per cent -			
12 items as % of total imports in 3 classes	63.2	76.8	76.5	-	-	-

(a) Imports under the General Tariff are negligible.

(b) Excludes lenses; includes screens and other projection accessories; includes overhead projectors in 1969 and 1970

Source: Derived from Statistics Canada Data

About 98 per cent of the imports of parts in Table 4-2 are of M.F.N. origin and most of the remainder originates in B.P. countries. Imports under the General Tariff are negligible. The value of imports under the 12 relevant items includes replacement parts and accessories (including accessory lenses) as well as parts for use in manufacturing; the value of parts imported for manufacturing, estimated at \$5.8 million, constitutes slightly more than 60 per cent of the total value of \$9.3 million, shown in Table 4-2.

The Items and Their Relative Importance

Of the twelve tariff items which provide for parts of cameras and projectors, six provide specifically for parts for use in the manufacture of cameras and projectors: they are items 46225-1, 46230-1, 46255-1, 46320-1, 46325-1, and 46330-1. The other six items provide for parts or complete parts without specifying whether or not they are for manufacturing; only two of these, items 46205-1 and 46210-1, are of significance relative to Canadian assembly operations.

Three of the four tariff items which provide for parts of cameras and projectors are not significant relative to present Canadian production because the cameras and photographic instruments to which they relate are not made in Canada. These items are 46200-1 (photographic instruments, n.o.p.), 46215-1 (large format still cameras), and 46220-1 (movie cameras imported by producers with studios in Canada). Item 46305-1 (parts of motion picture projectors,

etcetera) is also not significant relative to domestic production because it provides for parts of motion picture projectors at 15 p.c., M.F.N.; the parts of projectors to which it relates would be dutiable at one-half the rate, $7\frac{1}{2}$ p.c., M.F.N., under item 46325-1, if imported for use in the manufacture of motion picture projectors.

Average annual imports, 1969 to 1971, under the six tariff items which specifically provide for parts for use in the manufacture of cameras and projectors are shown in Table 4-3, according to the Tariff under which they were classified. Almost all of the parts and complete parts for use in manufacturing cameras, classified under items 46200-1 and 46205-1, would originate in M.F.N. countries; these imports were estimated at \$1.75 million per year, 1969 to 1971. Those parts of cameras and projectors, like screws, which would be classified according to their nature under items not specifically referred to the Board, are not taken into account in the discussion which follows.

Table 4-3: Imports of Parts of Cameras and Projectors
for Use in Manufacturing, by Tariff Item
and Tariff, Annual Averages, 1969-71

	B.P.	M.F.N.	Total	% M.F.N. of Total	M.F.N. Rate
	- \$'000 per year -			- per cent -	
<u>Parts of Cameras</u>					
46225-1 lenses & shutters	*	358	359	99.9	Free
46230-1 unfinished parts	*	12	12	100.0	Free
46255-1 rangefinders, flash apparatus, exposure meters	$\frac{1}{2}$	<u>299</u>	<u>300</u>	<u>99.7</u>	<u>Free</u>
Sub-total of above	<u>2</u>	<u>669</u>	<u>671</u>	<u>99.7</u>	<u>Free</u>
Estimated imports of "complete parts" of cameras ^(a)	<u>-</u>	<u>1,750^(a)</u>	<u>1,750^(a)</u>	<u>100.0</u>	<u>15.0</u>
Estimated total	<u>2</u>	<u>2,419</u>	<u>2,421</u>	<u>99.9</u>	<u>10.8</u>
<u>Parts of Projectors</u>					
46320-1 lenses & shutters	1	312	313	99.8	7.5
46325-1 parts, excluding motors, bulbs, tubes & exciter lamps	4	<u>3,061</u>	<u>3,064</u>	<u>99.9</u>	<u>7.5</u>
46330-1 electric motors	<u>-</u>	<u>37</u>	<u>37</u>	<u>100.0</u>	<u>15.0</u>
Total	<u>5</u>	<u>3,410</u>	<u>3,414</u>	<u>99.9</u>	<u>7.6</u>
Estimated total parts of cameras and projectors	7	5,829	5,835	99.9	8.9

(a) Based on same proportion of total imports as estimated for period 1969-71 in Table 4-1

Source: Derived from Statistics Canada data

It is apparent, from the above, that parts of cameras and projectors for use in manufacturing are almost exclusively of M.F.N. origin. Imports from B.P. countries are small and there is no record of imports under the General Tariff. Thus, the M.F.N. rates of duty are the only significant rates for such parts.

The dominance of the two wholly-owned United States subsidiaries, Bell & Howell and Kodak Canada, in the Canadian photographic equipment industry assures that a large part of their imported manufacturing needs would be supplied by or through their parent companies and would be entered under the M.F.N. Tariff. The concentration of the production of photographic equipment in a small number of M.F.N. countries, such as the United States, Japan and the Federal Republic of Germany makes it probable that the parts of such equipment will originate in those countries and, therefore, will be entered at the M.F.N. rates. This is confirmed by the import data.

The Submissions Presented to the Board

The General Representations

There was general agreement among the various parties which made submissions to the Board that parts of cameras and projectors for repair or replacement should be dutiable at the same rates as the corresponding cameras and projectors. Parts for use in the manufacture of cameras and projectors were provided for in separate proposed items; the rates of duty proposed for these are listed in Table 4-4.

Table 4-4: Rates of Duty Proposed for Parts Used in the
Manufacture of Cameras and Projectors^(a)

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
<u>All parts other than electric motors</u>			
Bell & Howell, Kodak Canada, C.P.T.A.	Free	Free	7½ p.c. to 35 p.c.
Hanimex	Free	15 p.c.	-
<u>Parts made of plastics</u>			
Plastics Industry of Canada:			
parts not available in Canada	Free	Free	Free
parts available in Canada	15 p.c.	17½ p.c.	30 p.c.
<u>Electric motors for projectors</u>			
Brevel Products Limited	15 p.c.	15 p.c.	37½ p.c.

(a) Only the principal proposals relating to goods classified under items specifically referred to the Board are listed.

Apart from the proposals of Hanimex, the Canadian manufacturers of plastics and Brevel Products, there was general agreement that imported parts used in manufacturing should be free of duty.

The C.P.T.A. indicated that some of the rate reductions it had proposed for cameras and projectors were premised on free entry for such parts. It pointed out that its proposals were not intended to disrupt Canadian manufacturing and it was proposing free entry for all parts, finished, semi-finished or unfinished, for use in the manufacture of photographic equipment in Canada, in order to offset its proposed reductions in the rates on the equipment. Its spokesman also said that its proposals should be regarded as a 'package', with the rates on parts directly related to the rates on finished products.

Both Bell & Howell and Kodak Canada supported the C.P.T.A.'s proposals for free entry for parts for use in manufacturing.

Bell & Howell's spokesman agreed that a reduction from $7\frac{1}{2}$ p.c. to Free, on parts, would be helpful, but argued this would be less significant than the proposed reduction in the duty on projectors from 15 p.c. to 10 p.c. The company conceded that it would make more profit if parts were free of duty and the rates on projectors remained unchanged but stated that imported parts generally constituted less than half of the distributors' selling prices of the finished products and, therefore, that free entry for parts would have a smaller effect on its costs than a reduction in the rates on projectors would have on its revenues.

The company spokesman said that C.P.T.A.'s proposal would discourage the use of Canadian-made parts. He claimed that the company can sometimes procure parts in Canada at lower prices than in the United States and can stimulate exports of these to the parent company. Bell & Howell said that it buys parts strictly on the basis of price, but must import lenses and the heavier or more complicated castings; the high cost of tooling was said to be a serious limitation to the production of plastic parts in Canada, although consideration was being given to importing tooling for such production. To the best of the Board's knowledge, this tooling up has not taken place.

Kodak Canada agreed that free entry for parts for manufacturing would not offset, entirely, the effect of a reduction from 15 p.c. to 10 p.c. in the rates on cameras and projectors. However, the company supported the 'package' proposal of the C.P.T.A.

The Society of the Plastics Industry of Canada (S.P.I.C.) claimed that the proposed free entry for parts would deny the domestic market to Canadian manufacturers of plastic parts, because free entry was not limited to parts not made in Canada. The Society opposed the C.P.T.A. proposals on the grounds that they denied equitable tariff treatment to a substantial segment of the Canadian manufacturing industry.

The Society claimed that some plastic parts could easily be made in Canada by some 30 or 40 of the injection moulders who are members of the Society. It endorsed the requests of Canadian manufacturers of photographic equipment for appropriate protection, but claimed that Canadian producers of plastic products are equally

entitled to protection on their products. Its spokesman said the technical skills and the complex production equipment available to the Canadian plastics industry make it competitive in both the domestic and export markets if conditions in the market place are equitable and competitive. When the question arose regarding the cost of tooling to make parts, the spokesman for the Society pointed to the existing arrangements under which tooling can be imported on a temporary basis, by the monthly payment of one-sixtieth of the duty which would be levied on permanent importation.

The Society urged that the use of Canadian plastic parts in the manufacture of Canadian cameras and projectors would be encouraged by making such parts dutiable at the rates which generally apply to other plastic products. The Society recognized that some plastic parts might not be available from Canadian producers, and in its proposals it provided for the remission of the duty when the goods were not considered to be available from Canadian production.

Brevel Products Limited claimed that the existing 15 p.c. duty on the small electric motors used in projectors enables it to compete in the Canadian market with United States suppliers, which supply a market ten to twenty times as large, in the United States. The company employs 100 people to manufacture a variety of electric motors, some for use in projectors; it claimed its motors have a 98 per cent Canadian content. Brevel opposed any reduction in duties on electric motors on the grounds that this could cause it to lose business amounting to \$100,000 a year.

Canadian General Electric Company Limited, with the concurrence of Canadian Westinghouse Company Limited, urged that electric light bulbs continue to be dutiable under item 44504-1. The Canadian Battery Manufacturers' Association and, in a separate submission, Union Carbide Canada Limited, urged that batteries continue to be classified under item 44512-1. Neither of these items was specifically referred to the Board. The battery manufacturers claimed that the protection they now enjoy is necessary to maintain the industry in Canada, but offered no evidence in support of this claim.

The Hanimex brief urged that the rates it proposed be substituted for those of the C.P.T.A. when they were different. The rates proposed by Hanimex would leave the existing preferential margins unchanged or would increase them. Hanimex asserted that the Canadian operations of Bell & Howell and Kodak involved the assembly of U.S.-made parts with little Canadian labour or content and, therefore, that the duty on parts should be increased to the same level as that on projectors to encourage an increase in Canadian content. The company claimed that rates lower on parts than on projectors reduce the preferences accorded to Australia and that free entry under the B.P. Tariff enhances competition in the Canadian market for the finished products.

The Tariff Proposals and Their Implications

Free entry for all parts, other than electric motors, used in the manufacture of cameras and projectors was proposed by the C.P.T.A. and was supported by Bell & Howell and Kodak Canada. In the case of cameras, this proposal would affect the rates which apply mainly to the complete parts classified under existing tariff item 46205-1.

The rates of duty under items 46205-1 and 46210-1 are either $7\frac{1}{2}$ p.c. or 5 p.c., B.P., and 15 p.c., M.F.N. If the complete parts, now imported under these items at 15 p.c., M.F.N., were entered in a form which would permit their classification as "unfinished parts", under item 46230-1, the rate would be Free under both the B.P. and M.F.N. Tariffs. At 15 p.c., the duty which would apply to imports of complete parts, estimated at \$1.75 million per year, would amount to \$262,500. It is clear from the evidence that the duty has been insufficient to induce Kodak Canada to import parts as unfinished parts, or to make parts in Canada.

Thus, the principal effect of the existing duties on complete parts used in the manufacture of cameras has been to increase the cost of the parts of Canadian-made cameras. Considerations other than the cost of the existing duties appear to have been of greater importance than the cost of the duty in determining Kodak Canada's policy in regard to the source of parts.

In the case of projectors, free entry for parts for manufacture would affect imports under items 46320-1, 46325-1 and 46330-1, averaging \$3.4 million per year, 1969 to 1971 (Table 4-3). The parts imported under existing item 46320-1, valued at \$313,000 per year 1969 to 1971, are not produced in Canada. The proposed reduction of the existing M.F.N. duty from $7\frac{1}{2}$ p.c. to Free would have little effect except in reducing the cost of these components to Canadian producers.

The parts now entered under existing item 46325-1, valued at \$3.1 million per year, 1969 to 1970, accounted for about 90 per cent of the identifiable imports of parts of projectors for manufacturing. The proposed reduction of the M.F.N. duty from $7\frac{1}{2}$ p.c. to Free would decrease the cost of these parts to Canadian producers by about \$230,000 per year; it would also remove the protection for a few unspecified parts of projectors Bell & Howell stated it purchased from Canadian suppliers. Because almost all parts of projectors are imported, the effect on Canadian producers would be small, but the removal of the duty might reduce the incentive to make them in Canada.

Electric motors for projectors were not included in the C.P.T.A.'s proposal for free entry for parts for manufacture. Average imports of such motors, under item 46330-1, have been small in recent years and declined to only \$7,000 in 1972 (Table 4-1). Brevel Products Limited claimed that a reduction in the duty on motors would jeopardize company sales of approximately \$100,000 per year. As noted earlier, these motors may be entered under item 46330-1 or 44516-1 at the same rates of duty; the latter item was not specifically referred to the Board. The value of Brevel Products' sales of the motors suggests that a large proportion of those used in Canadian projectors are of Canadian manufacture.

As noted, Canadian plastics manufacturers opposed free entry for parts of cameras and projectors made of plastics. They proposed rates of 15 p.c., B.P., and $17\frac{1}{2}$ p.c., M.F.N., for plastic parts used in the manufacture of cameras and projectors but provided for remission of the duty on parts not available from Canadian suppliers. The proposed rates would increase the M.F.N. duty on plastic parts of cameras under item 46205-1 from 15 p.c. to $17\frac{1}{2}$ p.c., and on plastic parts of projectors from $7\frac{1}{2}$ p.c. to $17\frac{1}{2}$ p.c., if they were deemed to be available from Canadian manufacturers of plastics.

It is difficult to assess the implications of the proposals of the plastics manufacturers, because of the lack of relevant data and information. However, the discussions at the public hearing indicated that almost no plastic parts of cameras and projectors were supplied by Canadian manufacturers. The spokesman for Bell & Howell indicated that the use of plastic parts in Bell & Howell projectors "is very insignificant".⁽¹⁾ The spokesman for Kodak Canada, commented on the plastics manufacturers' submission, saying:

"... we have had contacts by five of the 200-odd plastic moulders in Canada, four of whom have made an approach and had discussions about the moulding of plastic parts and then we did not hear of them again ... so that there has not been too great an enthusiasm to get into the plastics parts business ..."⁽²⁾

The discussions also indicated that the high cost of tooling might be a serious obstacle to undertaking production of some plastic parts in Canada. The seven injection moulding machines installed by Kodak Canada to produce cassettes, spools, lens caps and the like, required an investment of \$350,000 to \$400,000. Kodak's spokesman noted that the seven machines were not intended to produce parts of cameras and commented that

"... even though we have the same capability of bringing in these expensive moulds with which to mould ... plastic parts it is for long-term plans where there is even more production ... before we would be able to justify this type of operation ... even though these plastic parts have a 15 per cent duty ..."⁽³⁾

In effect, the purchases by Bell & Howell and Kodak Canada constitute the entire Canadian market for plastic parts for the manufacture of cameras and projectors. As noted above, the use of plastic parts in Bell & Howell projectors is insignificant. The construction of Kodak motion picture projectors indicates that these, also, make very little use of plastic parts. The principal plastic part used in the slide projectors assembled by Kodak Canada is the slide tray; Kodak Canada was already manufacturing these in Canada, at the time of the hearing. Bell & Howell was also purchasing plastic slide trays in Canada at that time, and stated it was considering the importation of equipment to produce other plastic parts. This suggests that the two principal producers may undertake the production of plastic parts themselves, when such operations become sufficiently profitable.

The plastics manufacturers' proposal regarding remission of duty would probably involve a considerable administrative effort as a result of the probable large number of applications for remissions.

(1) Transcript, Volume 6, p. 989

(2) Transcript, Volume 6, p. 991, 992

(3) Transcript, Volume 6, p. 991

The potential market in Canada for plastic parts of cameras would be some part of the annual imports of the "complete parts" of cameras shown in Table 4-3. The comments of the Kodak Canada spokesman regarding the apparent lack of interest of Canadian plastics manufacturers in supplying some of these parts was not questioned at the hearing. However, it may well be that this lack of interest reflected the unprofitability of producing such parts in Canada even with the 15 p.c., M.F.N. duty which applies to them. The remarks of the Kodak spokesman indicated that, in the company's view, its use of plastic parts of cameras was insufficient to justify the large investment required for the installation of the required machinery, an investment which Kodak itself would make assuming its parent company's practice were followed in Canada.

Kodak Canada provides the only market in Canada for plastic parts of cameras. Even if such parts accounted for as much as 25 per cent of the estimated imports of the "complete parts" of cameras in Table 4-3, a change in the duty from 15 p.c. to $17\frac{1}{2}$ p.c., M.F.N., as was proposed by the plastics industry, would increase the company's costs by only \$10,900 per year, even if all of these parts were deemed to be available from Canadian producers. It seems unlikely that such a sum would have any effect on Kodak's plans or decisions.

The M.F.N. rate of $17\frac{1}{2}$ p.c., proposed for plastic parts for manufacture would be higher than the rates of 10 p.c. and 15 p.c., M.F.N. proposed by others for replacement parts of the cameras. This also could create administrative difficulties.

Thus, although detailed public information is not available regarding the use of plastic parts in the manufacture of cameras and projectors, from the information available to the Board, it appears that the present market for Canadian-produced plastic parts is small. Two companies account for virtually the total demand for such parts and each tends to specialize in different kinds of equipment. Should the demand for any particular plastic parts become significant, it is likely that the company concerned would, itself, produce such parts.

In view of the foregoing, the proposals of the Society of the Plastics Industry in Canada would, in all probability, not result in greater use of Canadian-made plastic parts. The principal effect of the proposal would be to increase somewhat the costs of the Canadian producers. Furthermore, it would complicate the administration of the Customs Tariff, especially in connection with the proposed remission of the duty for parts not available from Canadian producers.

The principal effect of the Hanimex proposal for rates of Free, B.P. and 15 p.c., M.F.N., for all parts of cameras and projectors (other than electric motors) would be to increase the costs of Canadian producers. The duty on parts classified under tariff items specifically referred to the Board is estimated at approximately \$520,000 per year, 1969 to 1971. If the rates proposed by Hanimex had been in effect during that period, the cost of the duty would have been about \$875,000. It is clear from Table 4-3 and the preceding discussion, that the Hanimex proposal would result in negligible, if any, benefits to B.P. countries. Hanimex's main interest in the Canadian market is as an outlet for slide projectors: its proposal to double the rates applicable to the imported parts of slide projectors used mainly by

Kodak Canada would increase the cost of Kodak's Canadian projectors thus improving Hanimex's competitive position in the Canadian market. It is not possible to estimate the extent to which Hanimex's sales would be increased but, with higher costs and prices for slide projectors, it could very well be that the total volume of sales of such equipment would fall.

The Duties as an Incentive to Canadian Production

Parts of Cameras

The parts of cameras which may be entered free of duty under the B.P. and M.F.N. Tariffs, when imported for manufacturing purposes, are named in tariff items 46225-1 and 46255-1; they include lenses, shutters, rangefinders, flash apparatus, exposure meters, and parts of the foregoing; these are generally the most expensive parts incorporated into the kinds of still cameras made in Canada, other than the body of the camera. Imports of unfinished parts, under item 46230-1, are negligible.

The parts of motion picture cameras which may be entered free of duty when for use in manufacturing would constitute a much smaller proportion of the total value of the parts used in the assembly of such cameras. Those parts which were not entered free of duty would be dutiable at 15 p.c., under the M.F.N. Tariff.

Kodak Canada is the only producer of still and motion picture cameras in Canada and, therefore, the company's purchases of parts of cameras represent the total Canadian market for such parts. At the public hearing the company spokesman said that 93 to 95 per cent of the parts used in its operations were imported.

Imports of parts of cameras used in manufacturing were estimated, by the Board, at \$2.4 million per year, during the period 1969 to 1971, of which \$1.75 million, more than 70 per cent of the total, was estimated to be entered at 15 p.c., M.F.N., under items other than 46225-1 and 46255-1. At 15 p.c., M.F.N., the duty paid on the dutiable imports would have amounted to \$262,500 annually, about seven per cent of the estimated value of sales f.o.b. plant of still and motion picture cameras assembled in Canada. Although this appears to be a substantial inducement to manufacture the parts in Canada, or to import unfinished parts free of duty under item 46230-1, almost all parts for manufacturing cameras other than those specified in items 46225-1 and 46255-1 continue to be imported as complete parts, dutiable at 15 p.c., M.F.N.

Even with a 15 p.c. protective tariff, no incentive to purchase parts from Canadian suppliers would be probable unless the parts were equal in quality and competitive in price with the landed cost of the imported parts. In effect, Canadian manufacturers of parts of cameras would be competing with Kodak Canada's parent company, Eastman Kodak, in Rochester, New York. Eastman Kodak supplies a market in the United States which is probably at least fifteen times as large as the Canadian market. The size of the United States market and the company's orientation towards mass-produced cameras makes it possible for Eastman Kodak to achieve specialization and economies of scale which would

generally not be available to a Canadian competitor. Many parts are produced in sufficient volume in the United States to justify the use of expensive, specially-designed machines.

It seems unlikely that Canadian manufacturers of parts could compete with Eastman Kodak, even with the protection of a duty of 15 p.c., taking into account the differences in the size of the Canadian and United States markets and the high cost of tooling for such production. Also, the rapid rate of technological change in the design of cameras could be a serious hazard to a Canadian producer with a large investment in specialized machinery. Nevertheless, production in Canada of parts for which there exists a substantial demand, might be possible.

A more promising development would be for Kodak Canada to acquire specialized machinery to produce some parts in Canada when corporate considerations indicated that such an undertaking was profitable or desirable. To date, the evidence indicates that the cost of the duty on parts of cameras, though substantial, has not of itself provided sufficient incentive to override other corporate considerations.

A potentially more promising development would be a corporate decision for Kodak Canada to produce parts of cameras in Canada for the Canadian and export markets as part of a plan to rationalize its production, especially in North America. In the present situation and in the absence of public policies and tariff arrangements which would encourage such rationalization of production, it is difficult to expect that parts would be produced in Canada for both the domestic and export markets. The United States duty on parts of still picture cameras is 10 p.c., and on parts of motion picture cameras $7\frac{1}{2}$ p.c. These rates are lower than the existing, corresponding Canadian rates of 15 p.c., to which an estimated 70 per cent of Canadian imports of parts of cameras are subject. It is obviously more profitable for the Kodak organization to pay a duty of 15 p.c. on the 1/16 of the total Canada-United States demand for parts which the Canadian demand represents than for Kodak to pay a duty of $7\frac{1}{2}$ or 10 p.c. on the 15/16 of total demand which Eastman Kodak's requirements represents.

Parts of Projectors

Parts of projectors are generally dutiable at either $7\frac{1}{2}$ p.c., M.F.N., or 15 p.c., M.F.N.; the lower rate applies to parts other than motors, tubes, bulbs, and lamps, for manufacturing; the higher rate applies mainly to parts for replacement. The M.F.N. rate of $7\frac{1}{2}$ p.c. is the only significant rate for parts other than electric motors and light sources, for use in the manufacture of still and motion picture projectors. The two companies which produce most of the projectors made in Canada specialize in different market products. Purchases of parts by Kodak Canada provide virtually the total market demand for parts of slide projectors; purchases by Bell & Howell, the dominant producer of motion picture projectors, represent most of the market demand for parts of these.

With the exception of electric motors and light sources, almost all parts of still and motion picture projectors are imported. Annual imports averaged \$3.4 million per year, 1969 to 1971, and have been relatively stable during the past five years (Table 4-1). Virtually all imports originate in M.F.N. countries, mainly the United States.

There is a tariff inducement for a manufacturer of still or motion picture projectors to produce the parts in Canada, because almost all of the parts used in their assembly are subject to a duty of either $7\frac{1}{2}$ p.c. or 15 p.c., under the M.F.N. Tariff. However, the effect of these duties on the production of Canadian parts is more difficult to judge than in the case of the cameras. One of the major producers, Kodak Canada, imports most of the parts which it uses; the other, Bell & Howell, is using sufficient Canadian parts for its 8 mm. and 16 mm. projectors to have qualified for and obtained a "made in Canada" ruling. (To qualify for such a ruling, generally speaking, the Canadian content must constitute about 50 per cent of the cost of production and the product must supply at least 10 per cent of the Canadian demand). Kodak Canada produces the slide trays used in its slide projectors but imports almost all other parts of the projectors it assembles. Bell & Howell uses Canadian-made electric motors, projection lamps and other parts in its projectors.

Most of Kodak Canada's slide projectors are sold for other than commercial or institutional use. As a result, Kodak Canada would have little incentive to qualify its slide projectors for a "made in Canada" ruling in order to deny competing slide projectors duty-free entry under item 69605-1. Therefore, the considerations relating to whether projector parts should be acquired in Canada or imported are quite similar to those which obtain with regard to parts of cameras. Although the company also produces motion picture projectors, its submissions confirmed that Bell & Howell was the dominant Canadian producer of these.

Bell & Howell has a considerable interest in retaining a "made in Canada" ruling for its 16 mm. projectors. Most of these projectors are sold to universities and other institutions which are referred to in item 69605-1. In any event it is these institutions which absorb the cost of the duty because Bell & Howell presumably prices up to the duty. If the made in Canada ruling were lost, Bell & Howell sales of projectors to those institutions would be in competition with other projectors imported duty-free. Bell & Howell would lose most or all of the amount of the duty.

The importance of the ruling to Bell & Howell is evident from the following example: the estimated price of a Canadian-made 16 mm. projector intended for sale to a university, for example, would be about \$350 f.o.b. plant if such a projector was ruled as of a class or kind not made in Canada, and about \$400 if ruled as made in Canada. Preventing this loss of some \$50 per unit, is a much greater inducement to maintain at least the minimum level of Canadian content usually required than the protection afforded by the duty of $7\frac{1}{2}$ p.c., M.F.N., which now applies to about 99 per cent of the imports of parts for projectors.

The Position of Canadian Suppliers

About 70 per cent of the parts of cameras imported for manufacturing were dutiable at 15 p.c., M.F.N., and 99 per cent of the imported parts of projectors imported for manufacturing were dutiable at $7\frac{1}{2}$ p.c. These rates of duty provide varying incentives to obtain parts from Canadian suppliers.

However, in spite of these tariff incentives, almost all parts of cameras and slide projectors, and most parts of motion picture projectors were imported, during the period 1969 to 1971.

This is due to a number of reasons and cannot be ascribed to corporate considerations only. The relatively small size of the Canadian market, the difficulty of developing export markets, and the comparative advantage enjoyed by the huge United States-based multinational corporations, are certainly reasons. There is also, for example, the high cost of obsolescence of expensive equipment resulting from changes in the design of photographic equipment arising out of technological change.

The available protection might be attractive to a firm which, for example, could supply parts to producers of photographic equipment as an additional, even though relatively modest outlet for its production. With a growing demand at home and abroad, such a firm could do quite well. However, it is probably more realistic to expect that such firms would be relatively few and that, generally speaking, the protection of $7\frac{1}{2}$ p.c. or even 15 p.c. is unlikely to stimulate the production of parts which require special and expensive tooling.

Some parts used in the manufacture of cameras and projectors are required in such large volume that special and costly machines are designed to produce them. Such parts, if they are to be produced in Canada, would likely be produced by the existing subsidiaries themselves. The likelihood of their entering into such production would be greater if they could export to the parent company and perhaps also to its other subsidiaries.

Parts, such as various types of screws, other fasteners and electric motors, could be acquired in Canada. In doing so the Canadian producers of cameras and projectors would give other Canadian companies the opportunity of developing skills and processes which might lead to further growth in this field and to additional use of Canadian resources, including manpower. Moreover, as indicated above, some Canadian suppliers, given the opportunity for such development, might be able to supply a wider market both in Canada and abroad; this was said to have been the case in some instances, according to the Bell & Howell spokesman.

Canadian suppliers of parts face the usual problem of achieving a satisfactory degree of specialization and economies of scale. Companies such as Brevel face competition from United States firms which supply a domestic market some fifteen times as large as the Canadian market. There are at least two major sources of economies attaching to the larger United States market: the first relates to the achievement of lower costs through longer production runs; the second, less evident, relates to advantages, generally available to United

States producers because of volume discounts on the purchase of raw materials, easier financing and lower credit charges, and others.

The potential for achieving more specialization and economies of scale would be greater with respect to parts which are used in very large numbers. As indicated in previous Chapters, the great bulk of Canadian production of cameras and projectors consists of the lowest-priced models, those with the largest volume of sales. If Bell & Howell and Kodak Canada were to undertake the domestic production of more parts, a sizeable domestic base would already exist. It is recognized that such new parts production in Canada might mean, at the outset at least, duplicating capital equipment already in existence in the United States. It is also recognized that, given the existence of the tariffs, the two corporations concerned, if they were to make parts in Canada to supply both the United States and Canadian requirements, would have to pay United States duty on the Canadian-made parts which would be exported to the United States instead of paying Canadian duty only on the much smaller volume of U.S.-made parts imported to meet Canadian demand.

A more immediate potential for parts production in Canada, appears to relate to parts of special types of projectors, and standard parts such as small electric motors, fasteners, and other components which are not specialized in design. The small size of the demand for special types of cameras and projectors would tend to make economies of specialization and scale a much less significant element in the comparative cost of production. However, the volume of production would be quite small.

In the end, the main factor as to whether or not parts for the manufacture of photographic equipment will be produced in Canada, is the corporate decisions on behalf of the two companies whose purchases represent almost the total Canadian demand for such parts. Both companies are wholly-owned subsidiaries of United States-based multinational corporations which are in a position to direct or influence purchases by their subsidiaries.

The Effect of Imports of Parts on Value Added

In its submissions to the Board, the Bell & Howell spokesman said that the cost of imported parts averaged less than 50 per cent of its selling prices at the distributor level and ranged from 40 to 45 per cent for its largest-selling projectors. Further discussions of this subject suggested that the average cost of imported parts would be closer to 50 than to 40 per cent of the company's selling prices. Assuming that Bell & Howell, acting as the distributor of the projectors it produces, marks up its f.o.b. plant prices by 33.3 per cent, the cost of imported parts would range from 53 to 60 per cent of the estimated prices f.o.b. plant of its largest selling models, and would average nearly 60 per cent of the value of its total output, f.o.b. plant.

The statements of Kodak Canada's representatives indicated that imported parts would constitute a higher percentage of the company's selling prices. Its spokesman said that approximately 90 to 95 per cent of the parts used by the company was imported and that

none of these were entered as "unfinished parts". He noted that imported parts accounted for 93 to 95 per cent of the total cost of the parts used in the assembly of still picture cameras; still cameras probably account for more than one-half of the company's sales. In view of the company's heavier dependence on imported parts, and the fact that all parts would be entered as finished or complete parts, it is highly probable that Kodak Canada's costs of imported parts would be a higher percentage of Kodak's than of Bell & Howell's estimated selling prices f.o.b. plant.

The above suggests that imported parts accounted for close to 60 per cent of Bell & Howell's selling prices f.o.b. plant and for about 60 to 65 per cent of Kodak Canada's value of sales, based on the discussions at the public hearing. In addition, Canadian materials and supplies (including parts), packing and packaging materials, instruction manuals, miscellaneous materials and supplies would probably account for about five to ten per cent of the value f.o.b. plant of the cameras and projectors assembled in Canada.

Thus, some 65 to 70 per cent of the f.o.b. plant value of shipments of Canadian-assembled cameras and projectors would be accounted for by costs of materials, supplies and power, leaving only 30 to 35 per cent to cover costs of labour, overhead, advertising and profit.

The large percentage of the estimated sales value f.o.b. plant accounted for by imported parts severely limits the value which can be added by the Canadian operations of the two companies. And, because imported parts appear to range from 80 to more than 85 per cent of all of the parts used in Canadian cameras and projectors, there is also little opportunity for Canadian value to be added in the manufacture of the parts.

One implication of this situation is that most of the potential benefits of Canadian production of cameras and projectors accrues to United States manufacturers of parts, components and sub-assemblies; this explains the small number of production workers employed in the assembly of cameras and projectors in Canada.

The Duties on Parts Relative to the Duties on the Products

The C.P.T.A. proposals generally involved reductions in the M.F.N. rates which apply to cameras and projectors, coupled with a proposal that all parts used in their manufacture should be free of duty under the B.P. and M.F.N. Tariffs. In discussing these proposals, the spokesman for Bell & Howell claimed that the proposed tariff reductions on the final products and free entry for their parts would have a greater effect on the company's prices for projectors than on the company's costs. He also claimed that a manufacturer who imported a larger proportion of his parts would benefit more than one who depended more on parts produced in Canada.

The company's claims are analysed in some detail in Chapter 3(b). The analysis in Chapter 3(b) uses a 16 mm. projector to illustrate the effect of reducing the duty on such a projector from 15 p.c. to 10 p.c. and, at the same time, of reducing the duty on parts of projectors to Free (Table 3-14).

The analysis indicates that, assuming a mark-up of 37.5 per cent at retail and of 33.3 per cent at the distributor level, a reduction of the duty on the projector, from 15 p.c. to 10 p.c., would result in a reduction of the f.o.b. plant price by \$17 per unit, assuming that the Canadian producer takes full advantage of the duty and lowers his price to meet the competition of the imported projectors whose prices are lower after the duty is reduced. If the cost of imported parts accounted for 45 per cent of the distributor's selling price, a reduction of the duty on parts of projectors from $7\frac{1}{2}$ p.c. to Free would result in a savings in the duty of about \$18, slightly more than the amount by which the plant price of the projector would be reduced.

The claim that a producer who imported a larger proportion of parts would benefit more from the reduced duties on parts is obviously true. However, a reduction of the Canadian content could lead to a withdrawal of the made in Canada ruling and, as the earlier discussion of the duties as an incentive to the Canadian production of parts of projectors indicates, the made in Canada ruling is probably of far greater significance than the duty itself, particularly with respect to products the bulk of whose sales are to institutions.

PARTS FOR REPLACEMENT OR REPAIR

Under the items specifically referred to the Board, average imports of parts of cameras and projectors, for replacement, repair, or manufacture, were valued at \$9.3 million per year, 1969 to 1971 (Table 4-2). Accessory lenses and other accessories which would be classified as "parts" or "complete parts" under items such as 46210-1, 46305-1, or 46200-1, would be included in this figure. It is estimated that parts alone would have been valued at about \$7.5 million, of which parts for use in manufacturing constituted \$5.8 million per year (Table 4-3) and, by subtraction, parts for replacement or repair would have amounted to about \$1.7 million per year. It should be noted that many replacement parts would also be regarded as accessories, when imported.

With the exception of parts such as electric motors for projectors, slide trays, and the small number of others referred to in the preceding section, no replacement or repair parts are produced in Canada. Consequently, the average imports of \$1.7 million per year represent virtually the total Canadian demand. Also, because a very large proportion of such parts would be specially designed to fit a particular brand and model of camera or projector, they would be stocked by the manufacturer of the equipment for distribution to authorized dealers and repair centres in Canada. As a result, parts for replacement would generally originate in the country where the equipment was manufactured.

It is evident from Table 4-3, that most of the parts would originate in M.F.N. countries. They would be entered under items 46210-1, 46215-1, 46220-1, 46200-1, and 46305-1, at rates ranging from Free, under items 46215-1 and 46220-1, to 15 p.c., M.F.N., under the other items. Because more than one-half of the imports of cameras and projectors consist of still picture cameras of a class or kind not made in Canada, a large proportion of the replacement parts would probably be for these cameras.

Although the value of these parts is substantial, they were not the subject of controversy at the public hearing. The proposals followed the pattern of the existing items and provided for replacement parts of cameras and projectors at the same rates of duty as would apply to the equipment for which they were designed. There was almost no discussion of these parts and no arguments in support of the proposed rates.

CHAPTER 5: PROCESSING EQUIPMENT, ANCILLARY EQUIPMENT AND ACCESSORIES

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CHAPTER 5: PROCESSING EQUIPMENT, ANCILLARY EQUIPMENT AND ACCESSORIESINTRODUCTION

This chapter is divided into two main parts, followed by two minor sections. The first part deals with processing equipment used in conjunction with still and motion pictures; apparatus used solely in the processing of sound and videotape equipment is dealt with in Chapter 6. The second main part covers all other ancillary photographic equipment and accessories and includes specific information relating to a few products for which some data are available. The first of the two minor sections contains some information about photographic flash bulbs and flashcubes; the second about slides and filmstrips.

Photographic ancillary equipment and accessories include a large array of manufactured products ranging from simple moulded plastic covers for lenses to highly complicated, automated processing equipment used in film laboratories. They include accessories and attachments for cameras, goods purchased by the hobbyist for his dark room, processing equipment used by professional photographers and photofinishers in connection with still pictures, machinery and apparatus required by motion picture laboratories or film editors, equipment used in recording, reproducing and mixing sound, apparatus for adding special sound or optical effects or animated scenes to motion picture films, lighting equipment of all kinds, ancillary equipment used in motion picture production and a variety of other products.

In recent years, technological advance has resulted in the development of products unknown at the time the present photographic tariff items came into effect. These developments paralleled innovations and improvements in photographic films and papers and in the design and capabilities of almost every kind of photographic equipment. As a result, photofinishing processes have been speeded up; electronic timers have replaced clockwork mechanisms; automated controls have been incorporated in film processing and finishing equipment; new lenses have been designed by computers; new techniques of coating lenses have increased light transmission and have largely eliminated internal reflection; electronic flash apparatus has been greatly improved; studio lighting equipment with self-contained power supplies and controls no longer requires central power supplies, heavy wiring and large control panels; highly sophisticated equipment has been developed for use in the recording, editing, mixing and reproduction of sound.

With a few exceptions, the entire Canadian market for these goods is supplied by imports, largely from the U.S.A., Japan and the Federal Republic of Germany. There is some production in Canada of slide magazines, lighting equipment, accessory lenses (mainly for export), photographic tanks and trays, screens, sound equipment, and one or two other products. In each case, Canadian manufacture of these goods tends to be limited to one or two producers, often relatively small firms, and such statistics as have become available to the Board are therefore confidential. The total value of domestic sales of such products by Canadian manufacturers appears to be under

\$2 million, less than 10 per cent of the estimated landed cost of imported processing and ancillary equipment and accessories.

The three Canadian producers of photographic lamps or bulbs, including flashcubes, hold a very large share of the domestic market. However, with the exception of the mechanically-ignited flashcubes, introduced in 1970, these goods are classified under tariff items not specifically referred to the Board.

Twenty tariff items were specifically referred to the Board by the Minister of Finance. Goods relevant to this chapter are imported under ten of these items. The items are reproduced in Chapter 1, together with statistics concerning imports under each item (Table 1-1). Relevant to this chapter are all imports under tariff items 46200-2, 46235-1, 46245-1 and 46315-1, imports under tariff item 46240-1 except for photocopy, microfilm and blueprint equipment, most of the photographic equipment imported under tariff item 46200-1 and the ancillary equipment and accessories covered by tariff items 46210-1, 46220-1, 46300-1 and 46305-1 which relate principally to cameras and projectors.

The published import statistics in conjunction with other information available to the Board make it possible to estimate the average value of imports of some of the major groups of products usually entered under the tariff items specifically referred to the Board (Table 5-1). As with other photographic equipment, the total value for duty of imports increased sharply in 1972, to \$28.6 million, reflecting both more imports and higher prices.

Table 5-1: Canadian Imports of Processing and Ancillary Equipment, and Accessories, Averages 1969-71, and 1972

	<u>Imports (Value for Duty)</u>		
	<u>Average</u> <u>1969-1971</u> \$ million	<u>From</u> <u>M.F.N. Sources</u> per cent	<u>1972</u> \$ million
Processing Equipment	9.2	96.5	11.4
Ancillary Equipment and Accessories, <u>comprised of:</u>	13.3	96.9	17.2
Accessory lenses	2.6	96.4	4.3
Electronic flash (hand)	0.9	99.9	1.9
Other cameras accessories	4.0	98.8	4.9
Projection screens	1.3	99.1	1.4
Other projector accessories	2.6	96.9	2.2
Miscellaneous equipment and accessories ^(a)	1.9	90.4	2.5
Total ancillary equipment, accessories and proces- sing equipment	22.5	96.7	28.6

(a) Includes overhead projectors, 1969 and 1970

Source: Derived mainly from Statistics Canada data

More than half of the total imports of goods other than processing equipment are of camera accessories, including electronic flash and accessory lenses. Imports of processing equipment, most of which enter duty-free, include both goods destined for the amateur market and products used by professional photofinishers and motion picture laboratories; while most of the former would be handled through distributors, some part of the latter would be imported directly by the user from the manufacturer. The other products listed in Table 5-1 would generally be imported by a Canadian distributor.

Although the data regarding Canadian production are fragmentary, the available information suggests that the value of domestic shipments by Canadian manufacturers, of the goods under review, was less than \$2 million per year, f.o.b. plant, in the period 1969 to 1971. The total value of sales, at the distributor's selling price level, inclusive of federal sales tax, of imported and domestic goods, would be approximately \$39 million and the cost to consumers about \$48 million. The foregoing does not include photographic lamps or bulbs or sound processing equipment.

Estimated imports of accessories, processing and ancillary equipment, under the tariff items specifically referred to the Board, are given in Table 5-2. M.F.N. countries supply from 96 per cent to 100 per cent of the imports. No data are available concerning imports of camera accessories under tariff item 46210-1.

Table 5-2: Estimated Imports of Processing Equipment, Ancillary Equipment, and Accessories, by Tariff Item, Average 1969-71

Tariff Items and Brief Description	Rates		Average 1969-71 \$ million	% M.F.N. of Total per cent
	B.P.	M.F.N.		
46200-1 Photographic equipment, parts, n.o.p.	2½ p.c.	15 p.c.	4.2	97.2
46200-2 Electronic flash, hand- held or camera-mounted	2½ p.c.	10 p.c.	.9	99.9
46220-1 Motion picture camera accessories for studios	Free	Free	.3	100.0
46235-1 Camera accessories, named	Free	Free	1.6	98.1
46240-1 Processing Equipment	Free	Free	7.0	96.3
46245-1 Equipment for motion picture studios	Free	Free	4.6	99.8
46300-1 Still picture projector accessories	Free	15 p.c.	.6	99.2
46305-1 Motion picture projector accessories	Free	15 p.c.	1.0	97.8
46315-1 Screens	Free	10 p.c.	<u>1.3</u>	<u>99.1</u>
			21.5	97.9

(a) See Chapter 1 for full text of items

Source: Derived from Statistics Canada data

PROCESSING EQUIPMENT

Description of the Goods

Processing equipment includes enlargers or reducers, film developing tanks and trays, print washers and dryers, photographic printers and presses, slide mounters, densitometers and other goods used by commercial still picture photofinishers, professional photographers and hobbyists. It also includes a wide variety of machines and apparatus used in motion picture laboratories, by film editors, or in optical effects studios, such as film developing machines, film slitting or cutting machines, printing machines, optical effects machines, sound control units and recording apparatus for editing and synchronizing sound films, film cleaning and renovating machines, film splicers, film editing units and editing desks, film re-winders, film titling apparatus and animated film viewers.

The complexity of the equipment used in processing film depends on whether the film is black and white or colour, whether it is still or motion picture film and whether the equipment was designed for amateur or professional use. The still picture hobbyist uses relatively simple apparatus in his dark room; professional still photographers have much more elaborate equipment; commercial photofinishers require equipment capable of developing, enlarging and printing thousands of pictures automatically, in black and white or colour, taken under a great variety of light conditions on films with different characteristics. Film laboratories process home movies (mainly 8 mm. film) and professional movies (mainly 16 mm. and 35 mm. film but to an increasing extent also on 8 mm. film); these laboratories use equipment which can determine and control, automatically, the time of exposure, the temperatures of the solutions and other factors.

A film processing laboratory requires storage facilities for chemicals, sensitized materials or other supplies, trays or tanks to hold the chemicals during processing, devices for agitating the chemical solutions, temperature controls, colour analyzers and a tremendous variety of associated equipment for use in the development and printing of still and motion picture film. Film editors, film animators, and special effects and sound studios also require a large variety of equipment to enable them to contribute to the production of motion picture films.

The variety of equipment used in processing is suggested by the different products specified in the tariff items proposed by the C.P.T.A. In still photography, these included enlargers, reducers and reproducers, colour analyzers, contact and other printers, chemical agitators, densitometers, distortion control attachments and easels for enlargers, ferrotype plates, film or print dryers, film or paper processors, squeegies, film clips, film loaders, focus scopes, mounting presses, tacking irons, negative or sheet film hangers, print straighteners, print tongs, print washers, sensitometers, stirring rods, tanks, trays, reels, temperature controls, heaters, timing devices and thermometers. The processing of motion picture film requires machines which develop, slit, cut, print, enlarge or reduce motion picture images, optical and special effects apparatus such as special printers,

cameras, projectors and screens, sound recording, re-recording and dubbing equipment, microphones, microphone booms, control consoles, reverberating and echo units, equipment to add the magnetic track and the sound to the film, film conditioning equipment including film cleaning, polishing, inspecting, renovating and waxing equipment, film splicing equipment, film editing equipment of all kinds, editing consoles, film titling and animation apparatus, film inspection and viewing equipment including timing and grading devices, analyzers of all kinds and high speed projectors.

In the broadest sense, apparatus used by television stations, such as videotape recorders and related equipment could also be considered to be photographic processing equipment, although the method of capturing an image is by electronic rather than chemical methods. As with sound equipment, some of these goods are imported under tariff items specifically referred to the Board; however, for statistical purposes, neither sound nor television equipment are considered to be photographic processing equipment. These goods are considered separately in the next chapter of this report.

The Canadian Market and the Canadian Industry

The Canadian market for film processing equipment is supplied almost entirely by imports. During the period 1969-71, such imports averaged \$9.2 million annually (Table 5-1). The estimated value of this equipment at the distributor level, including federal sales tax, would be about \$14 million. Such information as has become available to the Board suggests that domestic production would not amount to as much as \$100,000.

Canadian production appears to be limited to the manufacture of some plastic and metal trays, tanks and sinks, print washers and film drying cabinets. Alcore Fabricating Limited, Richmond Hill, Ontario, produces print washers and plastic sinks and storage tanks for photographic chemicals; Rideau Aluminum and Steel Ltd., Ottawa, Ontario, makes stainless steel developing tanks and trays which may be fitted into cabinets, largely on a custom basis; Foto Engineering Products, Fairport Beach, Ontario, makes film drying cabinets designed mainly for professional photographers. At the public hearing, the spokesman for the Society of the Plastics Industry mentioned the possibility of Canadian production of developing trays of plastic; the Board has learned that Rosedale Plastics (Containers) Limited did produce a line of such trays and tanks at its plant at Lindsay, Ontario, but the company has informed the Board that it has discontinued this production because it achieved very little success in selling its products in competition with brands already on the market.

It should be noted that many of the tanks, trays and sinks used in photographic processing are suitable for other purposes and as a result, are often classified under tariff items not specifically referred to the Board, at rates of 20 p.c., M.F.N. In any case, Canadian producers appear to supply a very small share of the market for products suitable for photographic use.

All the firms noted above are small; none have as many as 100 employees and one or two have considerably fewer than that. Foto Engineering Products' major interest is in the production of lighting

equipment, while the others are primarily concerned with products not connected with photography. Consequently, production of photographic processing equipment generates little employment in Canada.

There is no known Canadian production of enlargers or reducers, but there was some production of enlargers in the past and the Board has been informed that consideration is being given to the production in Canada of two types of enlargers which are now being imported. In its report on Reference 108 - Photographic Cameras and Equipment, filed in 1950, the Tariff Board noted that "Enlargers for negatives smaller than 4 inches by 5 inches are made in Canada in commercial quantities" (page 9).

A proposal by Simmard Photo Equipment Limited, Toronto, Ontario, respecting tariff item 46240-1 was withdrawn prior to the hearing. The company produces developing drums for both the professional and amateur markets, which have certain unique features which enable colour prints to be developed in the light; the Board has been unable to obtain any further details regarding this production but it is understood that most is exported.

Imports and Exports

Imports of still and motion picture processing equipment originate in a number of countries, but the United States, the Federal Republic of Germany, Britain and Japan supplied about 96 per cent of the total in the three year period 1969 to 1971. The United States alone accounted for more than four-fifths of the total, although its share has declined slowly in recent years as the other three countries increased their share of the market.

Table 5-3: Imports of Photographic Processing Equipment and Parts, 1964-72

<u>Year</u>	<u>Total All Countries</u>	<u>U.S.A.</u> - \$'000	<u>W. Germany</u> -	<u>U.K.</u>	<u>Japan</u>	<u>% U.S.A. of Total per cent</u>
1964	2,446	2,257	61	43	62	92.3
1965	3,589	3,326	116	60	61	92.7
1966	4,526	4,058	184	159	81	89.7
1967	6,313	5,461	318	411	64	86.5
1968	7,216	6,299	411	218	125	87.3
1969	10,025	8,546	544	371	218	85.3
1970	8,101	6,827	462	211	210	84.3
1971	9,433	7,893	546	392	253	83.7
1972	11,410	9,503	600	443	421	83.3
Average 1969-71	9,186	7,755	517	324	227	84.4

Source: Statistics Canada

The United States and the Federal Republic of Germany, together, accounted for about 90 per cent of the imports of processing equipment, 1969-1971. An examination of the export statistics of these two countries indicated that approximately 69 per cent of the identifiable imports, or an average of about \$6.3 million annually, were of still picture processing equipment, and the remaining 31 per cent, or \$2.9 million were of motion picture processing equipment.

There are no statistics available concerning any Canadian exports of these products. The American import statistics combine imports of processing equipment with those of certain other photographic goods such as lens accessories, screens, film reels and cans, frames and mounts for slides, and editing equipment for the home movie hobbyist. Total United States imports of such products from Canada have varied between \$36,000 and \$223,000 in the years 1966 to 1971, and averaged \$157,000 in the three years 1969-1971. There are no means of identifying the specific products nor of determining whether they were exports of domestic goods or re-exports of imported goods.

TARIFF CONSIDERATIONS

The Items and Their Relative Importance

Processing equipment is dutiable under many tariff items, but approximately 90 per cent of the total imports, during the years 1969 to 1971, were entered under items specifically referred to the Board. The other 10 per cent was entered under a number of items, the most important of which appear to be 69605-1, covering equipment for qualified educational and other institutions, 41205-1 which relates to printing machinery and apparatus and 47600-1 which covers X-ray apparatus. Almost 75 per cent of the imports, an average of nearly \$7 million annually, were classified under tariff item 46240-1 which applies to named products and parts thereof used in photographic processing.

Most of the processing equipment is free of duty under the B.P. and M.F.N. Tariffs, either under the tariff items already cited, or under item 46245-1 which covers certain sound and editing equipment, imported by motion picture producers with studios equipped for motion picture production. Most of the dutiable imports are under the basket item of the photographic schedule, tariff item 46200-1, at rates of $2\frac{1}{2}$ p.c., B.P. and 15 p.c., M.F.N.

Table 5-4: Dutiable and Duty-free Imports of Photographic Processing Equipment and Parts, 1964-72

<u>Year</u>	<u>Dutiable</u>	<u>Duty-free</u>	<u>Total</u>	<u>Per Cent</u> <u>Duty-free</u> <u>of Total</u> <u>per cent</u>
		- \$'000 -		
1964	193	2,253	2,466	92.1
1965	223	3,366	3,589	93.8
1966	198	4,327	4,526	95.6
1967	440	5,873	6,313	93.0
1968	537	6,679	7,216	92.6
1969	1,242	8,783	10,025	87.6
1970	1,049	7,052	8,101	87.1
1971	1,258	8,174	9,433	86.7
1972	1,439	9,971	11,410	87.4
Average				
1969-71	1,183	8,003	9,186	87.1
1972	1,439	9,971	11,410	87.4

Source: Statistics Canada

Dutiable imports have been subject to an average rate of duty of 14.9 p.c. in the three years 1969-71; this reflects the large proportion of imports dutiable at 15 p.c., M.F.N., under tariff item 46200-1. As already noted, most of the imports of processing equipment originated in the U.S.A.; those from B.P. countries, virtually only Britain, accounted for only 3.5 per cent of the imports during the three years. Imports under the General Tariff have been negligible and there have been none since 1968.

Imports of processing equipment almost quadrupled during the period 1964 to 1971, indicating the growth of the Canadian demand for film processing facilities resulting from greatly increased purchases of cameras and consequent use of film, and also from the growth of the motion picture industry and of processing laboratories to serve it. Proportionately, duty-free imports declined somewhat as new processing equipment, not specifically named in the existing duty-free items, appeared on the market and was classified mainly under tariff item 46200-1. Further, the establishment of film editing facilities not connected with studios equipped for motion picture production has led to an increase in the importation of film editing equipment under tariff item 46200-1, rather than under item 46245-1.

The Submissions Presented to the Board

The General Representations

Proposals respecting photographic processing equipment were placed before the Board by importers, distributors, users and foreign manufacturers. Virtually all of the proposals sought to broaden duty-free entry to cover all types of processing equipment. One company (Hanimex) proposed a slightly increased margin of preference on movie

editors and viewers for the amateur market and another (Berkey Photo) urged that all equipment be dutiable but be subject to a remission of duty when not produced in Canada. Because there is so little Canadian production, the latter proposal would not differ materially from the proposals of the C.P.T.A. and others for free entry for a greater variety of processing equipment. In effect, there was no opposition to the proposals for lower rates of duty.

The proposals for free entry for all processing equipment were predicated on the lack of Canadian production and the increased cost to Canadian users such as professional photographers, photo-finishers, film editors and photographic laboratories, resulting from the existing duties. In particular, the Board was asked to keep in mind that most processing equipment is now imported duty-free and that broadened free entry would reduce the costs of equipment now dutiable and would enable a variety of establishments to provide services to their customers at lower cost. Free entry was also urged on the grounds that the goods were not likely to be produced in Canada owing to the relatively small volume of the market demand for individual kinds of equipment.

The wording of tariff item 46245-1 was one of the main issues raised at the hearing. This item provides free entry for sound equipment and film editing equipment, but only when the importer is a professional motion picture producer having studios equipped for motion picture production in Canada. Imports by others are dutiable. Consequently, independent sound studios, film laboratories which are equipped to add sound to film, and free lance film editors must pay duty on their equipment although they are carrying out the same functions, in respect of film editing or the adding of sound, as are carried out by motion picture studios using duty-free equipment. Videotape recorders are considered to be "magnetic sound equipment" as provided for in the item. As television stations are considered to be professional producers with studios, they can import videotape recorders free of duty; cablevision companies have not been allowed to use the item, but their position has been improved through the remission of duty on imports of videotape recorders, between May 1, 1969 and June 30, 1975, by Order in Council P.C. 1972-2494, of October 20, 1972, as amended.

The proposal, by Berkey Photo Canada Ltd., for the imposition of duties, subject to remission for goods not made in Canada, was based on the argument that potential Canadian manufacturers required protection because their costs would be higher due to shorter runs, than those of American manufacturers. At the time of the hearing the company was considering the production of colour enlargers in Canada; it subsequently suspended all manufacturing activities in Canada but has recently been giving further consideration to the production of enlargers.

The Tariff Proposals and Their Implications

The following table indicates the relative importance of duty-free and dutiable imports under the B.P. and M.F.N. Tariffs; imports from the United States and from other M.F.N. countries are shown separately.

Table 5-5: Dutiable and Duty-free Imports of Photographic Processing Equipment and Parts, by Sources, Annual Averages, 1969-71

	<u>B.P. Imports</u>	<u>M.F.N. Imports</u>			<u>All Countries</u>
		<u>U.S.A.</u>	Other	Total	
			<u>M.F.N.</u> -\$'000 -	<u>M.F.N.</u>	
Total Imports	325	7,755	1,106	8,861	9,186
Duty-free Imports	287	6,979	737	7,716	8,003
Dutiable Imports	38	776	369	1,145	1,183
Duty Collected	2	119	56	175	176
<u>Dutiable Imports as Per Cent of Total</u>					
	11.7	10.0	33.3	12.9	12.9

Source: Statistics Canada

As indicated in Table 5-5, less than 15 per cent of the imports of processing equipment were dutiable, 1969 to 1971, and averaged about \$1.2 million per year; the duty collected on these goods averaged \$176,000, 14.9 per cent of their value for duty. About 80 per cent of the dutiable imports are entered under tariff item 46200-1 at rates of $2\frac{1}{2}$ p.c., B.P., 15 p.c., M.F.N. The balance enters under a number of items.

Tariff item 46200-1 provides a B.P. margin of $12\frac{1}{2}$ percentage points. Despite this, B.P. sources supplied only 3.2 per cent of the dutiable imports during the period under review, as opposed to 3.6 per cent of the duty-free imports, where no margin of preference exists; this indicates that the margin of preference is not a significant factor in determining Canadian sources of supply. The table further indicates that while 11.7 per cent of imports from B.P. sources and 10.0 per cent of imports from the U.S.A. were dutiable, duty was levied on 33.3 per cent of imports from other M.F.N. countries. Most of the dutiable imports are entered under the basket item 46200-1 and consist of types of processing equipment not specifically listed in tariff items 46240-1 and 46245-1.

The goods which are subject to duty include a number of products developed in recent years; unless such products were covered by the wording of existing items 46240-1 or 46245-1, they would be classified under tariff item 46200-1, the residual item of the photographic schedule, or other basket items. New products may be of more importance to Canadian users than the value suggests because they are likely to incorporate technological improvements. None of the identifiable products now subject to duty are known to be made in Canada and almost none of the goods entering duty-free compete with Canadian-made products.

Although the Canadian market annually absorbs some \$14 million of photographic processing equipment, valued at the distributor level, inclusive of sales tax, this includes a wide variety of goods; more

than 20 types of processing equipment are named in tariff items 46240-1 and 46245-1; the proposals placed before the Board named about fifty different kinds of goods used in processing photographic materials. The market for individual products would therefore not be large, but relevant statistics are not available. Indeed, the variety of these goods is so large that neither the production nor foreign trade statistics of any of the major producing countries provide useful detail in this respect.

As noted earlier, average imports of dutiable equipment amounted to \$1.2 million per year, 1969 to 1971. The amount of duty collected on these imports of \$176,000 per year would add at least a quarter of a million dollars to the prices at the distributor level.

Most of the proposals relating to processing equipment listed specific types of products used in photographic processing. In effect, this would continue the approach of existing item 46240-1, but with a much more detailed listing of goods. In contrast, the Brussels Tariff Nomenclature uses one heading, 90.10, to describe processing equipment in general terms as apparatus and equipment of a kind used in photographic and cinematographic laboratories. Heading 90.10 covers most, but not all, film processing equipment. For example, enlargers and reducers for still photography are in heading 90.09 and colour analysers, densitometers and sensitometers are in heading 90.25 or 90.28, depending on their nature. Several products which do not differ materially from goods used for other purposes are in their appropriate headings, for example stirring rods and print tongs.

The Arguments Relating to Protection

At the public hearing, the lack of Canadian production was attributed to the small size of the domestic market for individual products. Because of the size of the market, manufacturers would need export markets in order to have a sufficient demand to justify the investment in the special machinery and equipment required to undertake production. The development of export markets would be affected by foreign tariffs. Most processing equipment is subject to duty at 7 p.c. on importation into the E.E.C. and at 5 p.c. on importation into the United States. However, for a few products such as contact printers, enlarger easels and film editing equipment, the American Tariff provides higher rates ranging from 7 p.c. to 22.5 p.c. Also, the development of export markets could be difficult because the principal markets for such goods are in countries such as the U.S.A., Japan and the E.E.C., in which long-established manufacturers, with large domestic markets, would provide the principal competition. The only known successful Canadian exporters of photographic processing equipment are Simmard Photo Equipment Limited, which has developed a patented product with unique features, and a small number of manufacturers of custom designed sound-mixing equipment of the kind used in motion picture production.

The small size of the domestic market, together with the probable difficulty of developing export markets, suggest that it would be difficult for a Canadian manufacturer to achieve an economic run. A tariff might encourage such runs but there would be little

possibility of the manufacturers supplying more than the domestic market, at a higher cost to the consumer. It is possible that the present duty-free entry may have been a contributing factor to the failure of Canadian manufacturers to establish themselves, particularly with respect to such relatively simple products as metal or plastic developing trays and metal film clips; however, even with protection, there is apparently no production of metal or plastic print tongs. These and similar goods could possibly be produced by firms making other kinds of plastic or metal products. However, these products represent only a very small part of the demand for processing equipment: the complex equipment required by photofinishers and motion picture laboratories would account for most of the market demand.

Although some processing equipment is sold to amateur photographers, and motion picture studios maintain some processing facilities, most of the imports are used to provide service to hobbyists and to commercial still and motion picture photographers; in 1966, the latest year for which such data are available, the value of the income from printing, developing and enlarging services provided by Canadian retail establishments exceeded \$35 million, an increase of 66 per cent from 1961. Such establishments employed nearly 2,000 individuals in 1966 and had an annual payroll of more than \$7 million. The provision of such services for Canadian hobbyists represents a considerable capital investment.

Canadian production of commercial motion pictures depends on the existence of adequate processing facilities, which also represent a large capital investment. In 1970, motion picture laboratories in the private sector had revenues of \$34 million and employed more than 1,300 people; the annual payroll was \$8.7 million. Motion picture laboratories and commercial photofinishers, using imported equipment, thus provide more than 3,000 jobs including employment for highly skilled and trained technicians, engineers and others. No comparable figures have been published for 1971.

The import statistics indicate a considerable growth in demand for photofinishing equipment in recent years. Between 1964 and 1971 imports increased from \$2.4 million to \$9.4 million, an average rate of increase of more than 20 per cent per year. However, persons with knowledge of both the commercial photofinishing business and the facilities for processing motion picture film have suggested that sufficient facilities have now been established to meet Canadian needs for the immediate future. In the United States, forecasters are suggesting that the growth in photofinishing services, which had increased at about 15 per cent per year between 1961 and 1971, will level off in the next few years because of the anticipated increase in the use of new and improved cameras with in-camera processing facilities. Developments in the United States will probably be reflected in Canada.

ANCILLARY EQUIPMENT AND ACCESSORIES

Description of the Goods

Ancillary equipment and accessories include a great variety of products used by hobbyists, professional still photographers and others in conjunction with still and motion picture photographic

equipment. More than sixty different products were mentioned during the course of the public hearing including goods as diverse as wrist straps for cameras, dollies for motion picture cameras and electronic flash equipment. Most of the individual products are available in a large number of models and designs of varying complexity and prices. Some accessories are designed to be mounted on cameras or projectors; others are used separately but in conjunction with cameras, projectors or films.

Photographic lighting equipment includes floodlights, spotlights and arc lights, mounted in various ways and used singly or as groups of units. Major sources of artificial light used in still photography are electronic flash apparatus, flash bulbs, and flashcubes. Electronic flash units may be held in the hand, mounted on supports or stands or attached to cameras. They vary greatly in design, source of power, intensity of light and many other features. Flash bulbs, flashcubes and other photographic lamps or bulbs, being consumable products, are photographic supplies rather than durable equipment. Flashcubes are used mainly by hobbyists and largely in conjunction with less expensive cameras. The original flashcubes were battery-fired; a new type, introduced in 1970, requires no electricity for discharge. Flash bulbs, other photographic lamps or bulbs and battery-fired flashcubes, when imported, are classified under tariff items not specifically referred to the Board; the newer flashcubes are under tariff item 46200-1, which was specifically referred to the Board. These consumable products are not considered further in this section of this Chapter.

In addition to the dollies and lighting equipment, ancillary equipment used with motion picture cameras or projectors includes such apparatus as camera blimps to muffle the sound of the camera, boom arms for microphones, directors' finders which enable the director to visualize a scene as it will appear on the film, and specially designed electrical generators and rectifiers for use with motion picture projectors. Both professionals and home movie enthusiasts may have accessory lenses for their motion picture cameras, devices such as film viewers, editors, splicers, re-winders, titlers and many other kinds of equipment. Generally, the complexity and cost would be much higher for products intended for professional use.

A number of products used primarily in still photography are specifically named in tariff item 46235-1, the text of which is given in Chapter 1 of this report. There are many other camera accessories such as view-finders, remote controls, motor drives to advance the film, cable releases, interchangeable backs, bellows, extension tubes, accessory shoes, eye cups, and a variety of accessory lenses such as telephoto and wide angle lenses. Products used with still picture projectors include slide trays or magazines, foot switches, light pointers, transparency positioners, slide sorters, and slide viewers.

Projection screens, which may be permanently installed in place, mounted on stands, or suspended from hangers, are used with still and motion picture projectors. There are also carrying cases designed to fit individual models of cameras, projectors, screens, accessory lenses, and many of the other accessories and attachments.

As the foregoing indicates, the variety of individual kinds of equipment which could be classified as accessories or ancillary equipment is very large, even when no account is taken of differences between models designed for sales to hobbyists and to professionals or for use with different sizes of film. This variety is continually changing as technological advances occur and are adapted for photographic use, as innovators modify existing designs to meet changing needs, or as photographic equipment is adapted to new uses.

The Canadian Market and the Canadian Industry

The Canadian market for ancillary equipment and accessories is largely supplied by imports. The estimated average landed cost of imports, exclusive of federal sales tax, averaged about \$15 million per year, 1969 to 1971. The estimated value of imports, at the distributor selling prices, inclusive of federal sales tax, would be approximately \$22.6 million. The value of Canadian shipments, f.o.b. plant, excluding lenses for export, probably averaged less than \$1.5 million during the same period, or about ten per cent of the comparable value of imports.

Table 5-6: Estimated Landed Cost of Imports of Ancillary Equipment and Accessories, Average 1969-1971

	<u>Landed Cost</u> ^(a) \$ million	<u>Per Cent</u> <u>of Total</u> %
Electronic flash ^(b)	1.0	6.9
Accessory lenses	3.1	20.1
Other camera accessories	4.6	30.1
Projection screens	1.5	9.7
Other projection accessories ^(c)	3.0	19.6
Other ancillary equipment	<u>2.1</u>	<u>13.6</u>
	15.3	100.0

(a) Excluding Federal Sales Tax

(b) Hand-held or mounted on hand-held cameras

(c) Including overhead projectors 1969 and 1970

Source: Derived from Statistics Canada data

The corresponding total domestic market demand, including the estimated value of domestically-produced goods, at the distributor level, probably averaged about \$25 million per year, 1969 to 1971, of which less than ten per cent would be accounted for by Canadian-made products.

As noted, 90-per cent or more of the Canadian market is supplied by imports. The principal products made in Canada include special lenses, screens, and some lighting equipment; they are discussed later in this Chapter. In addition, a small number of other products are also known to be made in Canada. Kodak Canada, Bell &

Howell and Interphoto Corporation of Canada (formerly Argus Cameras of Canada), market slide magazines of Canadian manufacture for use with their still projectors. Carrying cases for certain cameras and projectors marketed in Canada by Kodak and Bell & Howell are produced here, as are the wrist straps included in Kodak's camera kits. Foto Engineering Products manufactures projection tables.

Other products have been made in Canada in the past. At one time Bell & Howell marketed camera grips of Canadian manufacture for use with imported cameras and the C.P.T.A. submission to the Board suggested that slide viewers are made in Canada. Although there has been some production of slide viewers in the past, the Board was unable to locate any current Canadian manufacturer of these. Canadian producers appear to hold a very small share of the market for the goods they make. Although some of the domestically produced slide magazines are designed to fit imported projectors, such goods as slide magazines, carrying cases and even wrist straps, are generally designed to be used with particular models or lines of projectors or cameras and are imported together with the camera or projector, even though they may not be made by the same foreign manufacturer.

Imports and Exports

The total value for duty of imports during the period 1969 to 1971, averaged about \$13.3 million per year (Table 5-1). The variety of products classified as ancillary equipment or accessories is so large that the most detailed statistics available give very little information regarding particular kinds. The statistical difficulties are indicated by Table 5-6, in which nearly two-thirds of the total are not identifiable except as general groupings such as "camera accessories", which would include very large numbers of individual products, many of which would be marketed in a number of models of increasing complexity of design and price.

Canadian import statistics do not permit identification of goods other than accessory lenses, screens and portable electronic flash equipment. The export statistics of Canada's principal suppliers, the United States, Japan and the Federal Republic of Germany, were examined to determine whether any additional details of imports by goods were available. Unfortunately, little detail is included in the statistics of these countries. However, the detailed data, even for the few products of sufficient importance to be reported separately, suggest that the Canadian market for individual products is small.

Most of the imports, over 90 per cent of the total, originate in the United States, Japan and the Federal Republic of Germany and would be subject to M.F.N. rates of duty. All imports under the M.F.N. Tariff accounted for 96.9 per cent of the imports from all countries and imports under the B.P. Tariff for about 3.0 per cent of the total; imports under the General Tariff were negligible. Most B.P. imports originated in Britain, with small imports, mainly of projection apparatus, originating in Australia.

In order to compare the value of imports of camera accessories with that of projection accessories and apparatus, the relevant figures published by Statistics Canada were adjusted to take account of imports

under the tariff items which provide for portable electronic flash, screens, accessories used in the manufacture of cameras in Canada, and parts used in the manufacture of projectors. The resulting figures indicate that Japan is almost as important a supplier of camera accessories as the United States, but that the latter country dominates the Canadian market for projection accessories.

Table 5-7: Imports of Camera and Projector Accessories,
Annual Averages, 1969-71

	Camera	Projection	Per cent of Total	
	Accessories	Accessories	Camera	Projection
	<u>Accessories</u>	<u>Accessories</u>	<u>Accessories</u>	<u>Accessories</u>
	\$'000			
B.P. countries	39	78	1.0	3.1
M.F.N. countries	3,989	2,478	98.8	96.9
General countries	10	1	.2	*
Total	4,038	2,557	100.0	100.0
U.K.	35	41	.9	1.6
U.S.A.	1,922	2,243	47.6	87.7
Japan	1,267	39	31.4	1.5
W. Germany	580	94	14.4	3.7

Source: Derived from Statistics Canada data

No export statistics are available but, because of the very limited Canadian production, exports would be negligible except in the case of accessory lenses.

Principal Canadian-made Products

In the years 1969-71, Canadian production of ancillary equipment and accessories consisted mainly of high quality accessory lenses, studio electronic flash equipment, slide magazines and a small output of projection screens. Production of the electronic flash equipment was discontinued in 1972. No separate data are available for slide magazines, but the lenses continue to be the most important product now made in Canada.

Lenses

The Canadian market for accessory and replacement lenses can be estimated from the import and export statistics and from information given at the public hearing. This approach suggests annual sales of imported accessory and replacement lenses, valued at the distributor level, of about \$4.6 million, inclusive of federal sales tax; the comparable value of lenses made in Canada (i.e. accessory lenses) sold domestically would be approximately \$100,000, about two per cent of the Canadian market.

Photographic lenses are produced in Canada by Ernst Leitz Canada Limited, which employs some 250 people in its plant at Midland, Ontario, where it maintains its own research and development facilities. This company is associated with Ernst Leitz GmbH, Wetzlar, the Federal Republic of Germany, and, apart from military contracts and some custom work, it manufactures lenses designed to fit the German company's Leica cameras. The focal lengths of the lenses produced in Canada range from 28 mm. to 280 mm., with most of the production confined to focal lengths of 35 mm., 90 mm. and 135 mm. The Canadian plant supplies the German plant and the world market for the lenses it makes. The glass required by the company is not produced in Canada and is imported mainly from France, Germany and Japan.

The Leica cameras are very high quality, expensive, precision instruments; the lenses made in Canada are of correspondingly high quality.

A few small glass and optical companies have advised the Board that they have, on occasion, produced lenses or other photographic optical elements on a custom basis, usually for repair or replacement purposes.

Imports and Exports of Lenses: Accessory and replacement lenses are imported from a great many countries, but in the period 1969 to 1971, more than half of the total value of imports came from Japan; imports under the B.P. Tariff were entirely from the U.K. and averaged less than \$100,000 per year.

Table 5-8: Average Imports of Accessory and Repair or Replacement Lenses, 1969-71

	Value for Duty \$'000	Per Cent of Total per cent
B.P. countries	94	3.6
M.F.N. countries	2,512	96.4
General countries	1	*
Total	2,607	100.0
Japan	1,561	59.9
U.S.A.	347	13.3
West Germany	304	11.7
Other M.F.N.	301	11.5

Source: Derived from Statistics Canada data

In 1972, imports of accessory and repair or replacement lenses increased to \$4.3 million. Of this total, 97.2 per cent was imported from countries whose goods are subject to the M.F.N. Tariff. Imports from Japan amounted to almost \$3 million, or 68.3 per cent of the total value of imports. Imports from the United States amounted to \$0.7 million, or 15.3 per cent of the total. The Federal Republic of Germany, France and Sweden each accounted for a little more than

three per cent of the value of imports. This increase in imports parallels those of other kinds of photographic equipment, noted elsewhere in this Report.

Because the relatively high-priced Canadian lenses supply only a small part of the market, import statistics portray the growth of the market for lenses in Canada in recent years. During the three-year period, 1965-1967, imports of all lenses, including those imported by Canadian manufacturers of cameras and projectors, averaged only \$1.7 million annually; more recent imports, 1969 to 1971, averaged \$3.4 million, an increase of 90 per cent. Because the bulk of the imports for manufacturing purposes would be of simple, low-cost lenses for the cameras and projectors made in Canada, a large part of the value of imports consists of accessory lenses.

The major destinations for Canadian exports of lenses are the U.S.A., the Federal Republic of Germany, Britain and Hong Kong. In the period 1969 to 1971, exports to the U.S.A. accounted for 45.2 per cent of the total; those to the Federal Republic of Germany, Britain and Hong Kong were 18.9 per cent, 8.1 per cent and 5.7 per cent of the total, respectively. In 1972, exports increased to all destinations except the United States. Exports to the Federal Republic of Germany in 1972, were almost as large as to the United States. A large proportion of the exports to the Federal Republic of Germany were probably to the manufacturer of the cameras for which the lenses are designed.

Table 5-9: Exports of Lenses, 1966-72

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
	- \$'000 -						
U.K.	147	107	145	139	88	54	140
West Germany	203	63	88	114	238	300	559
U.S.A.	475	288	485	439	490	631	573
Hong Kong	74	33	22	29	84	82	96
All Others	<u>134</u>	<u>109</u>	<u>108</u>	<u>162</u>	<u>286</u>	<u>314</u>	<u>454</u>
Total	1,033	601	848	883	1,186	1,381	1,822

Source: Statistics Canada

Projection Screens

The Canadian market for projection screens is estimated at slightly more than \$2 million annually, at the distributor level, inclusive of federal sales tax. Probably more than 95 per cent of the total demand is supplied by imports; the value of Canadian production appears to be very small.

At the public hearing, the Board was informed that one unidentified firm in the Montreal area, which had manufactured screens, had discontinued production some years ago and that no screens were being produced in Canada. However, the Board's enquiries indicate that there are two Canadian companies which make some projection screens: Daly & Morin Limited at Lachine, Quebec, and Bertile Products Limited at Drummondville, Quebec. The major interest of both companies is in the production of other related products, such as tile boards, white chalkboards and blackboards, window shades and drapery hardware.

Literature provided by the companies shows that Daly & Morin offers a range of sizes of screens mounted on wooden or metal rollers and also sells unmounted screen fabric. Bertile Products Limited offers screens made with a patented, plastic surface, which can be used for projection from the front or rear, chalkboards developed by the company, and white-coated fabric projection screens; the chalkboard would be classified in items not specifically referred to the Board, if imported.

Because there are only two known manufacturers, such statistics as are available are confidential. In any event, the fact that no one at the public hearing appeared to have any knowledge of this Canadian production suggests that these firms supply only a small part of the Canadian demand although at least one of them has, on occasion, exported some of its production.

Imports and Exports of Screens: Imports of projection screens have increased in value in recent years and are almost entirely from the United States. Britain was the only B.P. supplier of the Canadian market up to 1969; in 1969 and 1970, some B.P. imports also originated in Australia. M.F.N. suppliers, other than the United States, include the Federal Republic of Germany, Italy, The Netherlands, France and Japan. In a spot check of imports, unit values for duty varied from \$2.20 to almost \$1,300, per screen, depending on the kind, material and size; most imports were of relatively low-priced screens as indicated by the average value of \$11.62 per unit.

Most imports of screens would be under tariff item 46315-1, to which Table 5-10 relates. Screens may also be imported under tariff items not specifically referred to the Board, for example, under item 69630-1 which provides for articles used in the training of mentally retarded children; imports under items not specifically referred to the Board appear to be small. The data in Table 5-10 suggest that imports of projection screens have varied substantially in recent years and may be increasing.

Table 5-10: Imports of Projection Screens, under Tariff
Item 46315-1, 1966-72

Year	B.P. Countries	M.F.N. Countries		All Countries	% U.S.A. of Total per cent
		U.S.A.	Other		
		- thousand dollars -			
1966	9	879	8	896	98.1
1967	36	1,215	12	1,263	96.2
1968	13	1,223	14	1,251	97.8
1969	15	1,075	13	1,103	97.5
1970	12	1,165	27	1,203	96.8
1971	8	1,574	23	1,605	98.1
1972	7	1,327	30	1,364	97.3

Source: Statistics Canada

Although there are known to have been some exports, no statistics are available.

Lighting Equipment

Few published statistics are available relating to the Canadian market for lighting equipment. The value for duty of imports of portable electronic flash equipment under tariff item 46200-2 averaged \$1.2 million per year, in 1970 and 1971, and would account for a large part of the imports of all electronic flash apparatus. However, item 46200-2 does not include the usually larger and relatively expensive electronic flash equipment for use in non-portable studio installations (usually cleared under tariff item 46200-1) nor continuous lighting equipment of all kinds. Although statistics are not available regarding the value of imports of lighting equipment not covered by item 46200-2, the available information suggests that total imports, valued at the distributor level, inclusive of federal sales tax, would be about \$3.0 million annually.

No data are available regarding domestic production. In 1970, three companies produced lighting equipment in Canada: Berkey Photo (Canada) Limited, Powertronic Equipment Limited (for Technolux Products Ltd.) and Foto Engineering Products; in late 1972, only Foto Engineering Products was known to produce such equipment in Canada.

Foto Engineering Products, Fairport Beach, Ontario, produce barn doors, light stands, diffuser frames and snoots, boom arms, floodlights and spotlights. This small firm did not reply to a number of enquiries made by the Board's staff seeking further information regarding its operations. At the hearing, the Board was informed that there is some Canadian production of light stands, reflectors and possibly light bars. This may have been in reference to products made by Foto Engineering Products. The consensus at the hearing was that imports supplied almost the total Canadian demand.

Berkey Photo (Canada) Limited produced a range of electronic flash lighting equipment designed for professional use. The smallest unit made by the company was powered by a back-pack; the larger units were designed for studio installations. The company informed the Board that it had, for a time, also produced continuous lighting. The company designed some of its own products including lighting equipment for the armed forces specially designed for Canadian climatic conditions. At the public hearing, the spokesman for the company estimated that it supplied over 50 per cent of the market demand at that time for electronic flash equipment for professional use, with perhaps 10 per cent of the requirements coming from Britain, 30 per cent from the United States and 10 per cent from other countries. The parent company eventually decided to concentrate production at its plant near New York City and all Canadian manufacturing activity was suspended. Recently the Canadian plant has resumed production making mainly replacement parts for the Canadian designed equipment.

Electronic flash units with self-contained power supplies, for studio use, were produced by Powertronic Equipment Ltd. for Technolux Products Ltd., Toronto; this activity was discontinued late in 1970

Imports and Exports: The only available trade statistics relate to imports of electronic flash equipment designed to be hand-held or mounted on hand-held cameras, including battery-operated self-contained power supplies for use therewith, imported under tariff item 46200-2; these would include imports of units with battery operated power supplies in back-packs which would compete with the smallest unit formerly produced by Berkey Photo. The statistics are fragmentary but indicate that Japan and the Federal Republic of Germany are the major sources of supply. In 1972, imports from Singapore, under the B.P. Tariff, entered the market for the first time.

Table 5-11: Imports of Portable Electronic Flash Equipment

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>Average Per Year,</u> <u>1970-72</u>	
	-	\$'000 -		\$'000	Per Cent
Japan	338	724	915	659	45.4
West Germany	555	560	604	573	39.5
U.S.A.	128	173	180	160	11.1
Singapore	-	-	153	51	3.5
Others	<u>3</u>	<u>3</u>	<u>14</u>	<u>7</u>	<u>.5</u>
Total	1,025	1,460	1,864	1,450	100.0

Source: Statistics Canada

Exports of Canadian-made lighting equipment are small; the spokesman for Berkey Photo stated that the parent company restricted the Canadian subsidiary's market territory to this country.

TARIFF CONSIDERATIONSThe Items and Their Relative Importance

The value for duty of imports of ancillary equipment and accessories is estimated at approximately \$13 million per year, during the period 1969 to 1971. (This value excludes imports of parts of cameras and projectors for use in manufacturing.) Some \$10 million or nearly 75 per cent of the imports was entered under ten tariff items which were specifically referred to the Board. The remainder was entered mainly under items such as 41205-1 (equipment for printing), 44603-1 (manufactures of iron or steel, n.o.p.), 47600-1 (X-ray equipment), 62300-1 (carrying cases), and 69605-1 (photographic equipment imported for qualified institutions). The ten items which were specifically referred to the Board are listed below together with their rates of duty (the full text of these items is given in Chapter 1).

Of the total imports, amounting to \$13 million, some 80 per cent were dutiable and the balance duty-free, principally under tariff item 46235-1 (specified accessories for cameras) and 46245-1 (ancillary equipment for motion picture producers with studios). The duty collected on dutiable goods averaged 14.6 per cent.

<u>Tariff Item and Brief Description</u>	<u>Rates</u>		
	<u>B.P.</u>	<u>M.F.N.</u>	<u>Gen.</u>
46200-1 Photographic instruments, n.o.p.	2½ p.c.	15 p.c.	30 p.c.
46200-2 Portable electronic flash		10 p.c.	
46205-1 Parts of cameras made in Canada	7½ p.c.	15 p.c.	30 p.c.
46210-1 Parts of cameras not made in Canada	5 p.c.	15 p.c.	30 p.c.
46215-1 Parts & carrying cases for large- format cameras	Free	Free	10 p.c.
46220-1 Parts of movie cameras and blimps, producers with studios	Free	Free	15 p.c.
46235-1 Named camera accessories	Free	Free	10 p.c.
46245-1 Ancillary motion picture equip- ment	Free	Free	15 p.c.
46305-1 Motion picture projector accessories	Free	15 p.c.	35 p.c.
46315-1 Projection screens	Free	10 p.c.	35 p.c.

The principal Canadian-made products relevant to this section are accessory lenses, slide magazines and screens. During the three-year period, 1969 to 1971, imports of lenses under items 46200-1 and 46210-1 accounted for more than three quarters of the total imports of accessory and replacement lenses. A large part of the balance was entered under other tariff items specifically referred to the Board. Accessory or replacement lenses may also be entered under tariff items 46205-1, 46215-1 and 46220-1, and under items not specifically referred to the Board such as 41205-1, 47600-1 and 69605-1.

Slide magazines designed to be mounted on projectors are dutiable at 15 p.c. M.F.N., under tariff item 46200-1. Storage trays for slides are not considered to be photographic equipment and, if made of plastic, are dutiable at 17½ p.c. M.F.N., under tariff item 93907-1, which was not specifically referred to the Board.

Screens are specifically provided for in tariff item 46315-1. More than 99 per cent of the imports, 1969 to 1971 were dutiable at 10 p.c. under the M.F.N. Tariff.

Electronic flash equipment, designed to be hand-held or mounted on hand-held cameras, imported under the M.F.N. Tariff, is dutiable at 10 p.c. under tariff item 46200-2; all other imports of electronic flash equipment are entered under tariff item 46200-1, at rates of 2½ p.c. B.P., 15 p.c. M.F.N.

A very large proportion, 96.9 per cent of the total of the imports of all ancillary equipment and accessories, including products entered under items not specifically referred to the Board, was entered under the M.F.N. Tariff. Imports under the B.P. Tariff were largely from Britain but some also originated in Australia; B.P. imports accounted for only three per cent of the total. Imports under the General Tariff were negligible.

The Submissions Presented to the Board

The General Representations

Ancillary equipment and accessories were the subject of proposals and representations received from Canadian manufacturers, importers, distributors and users. In general, the proposals of the C.P.T.A. and others sought to broaden the coverage of the photographic schedule to include virtually every form of ancillary equipment, lighting equipment, attachment or accessory used in photography. With few exceptions, free entry was sought under the B.P. and M.F.N. Tariffs, and most of the proposals which did not request free entry sought reductions in duty, particularly under the M.F.N. Tariff.

The principal proposals for free entry excluded certain products such as professional electronic flash equipment, slide magazines and accessory lenses, used primarily with cameras and projectors designed for amateur use, in order to afford some protection to Canadian manufacturers. The proposed removal of duties from goods not produced in Canada was designed to reduce the cost of products required by those who made their living from photography; the proposed reductions in duties (but not to Free) generally applied to equipment more likely to be used by hobbyists than by professionals.

Berkey Photo proposed a schedule under which all photographic equipment would be dutiable, with free entry for parts of a class or kind not available from Canadian manufacturers and remission of the duty on goods not available from Canadian suppliers. Because there is very little Canadian production of ancillary equipment and accessories, the effect of the proposals of Berkey Photo would differ little from the others. Berkey Photo's proposals were

based on the premise that Canadian manufacturers incurred higher production costs because of shorter runs.

The submissions of the professional still photographers and newspaper photographers sought free entry for products used by professional photographers on the grounds that they paid considerably more for the equipment they required because of the existing duties. The proposals of those engaged in the production of professional motion pictures sought to remove the distinction now made in the Customs Tariff between producers with studios in Canada and others in the industry, including producers without studios, in relation to many kinds of expensive professional equipment. The effect of this proposal would be to provide free entry for the equipment regardless of the user. Those supporting this proposal claimed that institutional arrangements and the structure of the motion picture industry had changed over time, making the existing tariff provisions inappropriate.

One importer sought either the retention of or an increase in the existing margins of preference on a number of products which are, or might be, imported from Australia. This proposal was said to be designed to increase Australian exports to Canada and to contribute to some adjustment of Australia's then unfavourable balance of trade with Canada. Another importer, who handles products from the German Democratic Republic, urged that the rates of duty under the General Tariff should be reduced correspondingly on products for which the M.F.N. rates were reduced, in order not to jeopardize the company's competitive position in the Canadian market.

Neither Ernst Leitz Canada Limited nor Foto Engineering Products made any submission to the Board. The Board was informed that Ernst Leitz Canada Limited had agreed to the proposed reductions in the duties on lenses. Apart from Berkey Photo, only Powertronic Industries Ltd. and Technolux Products Limited opposed the proposed reductions in rates of duty. In written submissions the two companies claimed that foreign tariffs and non-tariff barriers prevented Canadian access to foreign markets and urged that reductions in Canadian duties should be effected only if compensating concessions were made by foreign countries. Berkey Photo sought to retain or enhance the protection it enjoyed on the lighting equipment it then manufactured in Canada; this production ceased in 1972. Neither Kodak Canada nor Bell & Howell opposed reductions in the duties on slide magazines, carrying cases or other accessories of Canadian manufacture. The Society of the Plastics Industry, speaking on behalf of its members, sought to have parts or components made of plastic dutiable at the same rates as unenumerated manufactures of plastics, 15 p.c., B.P. and 17½ p.c., M.F.N., under tariff item 93907-1.

As noted, Canadian production of ancillary equipment and accessories is very limited and is estimated to account for less than ten per cent of the domestic market demand at the distributor level. Almost all of the imports of competitive products are under the M.F.N. Tariff and are dutiable at rates of 10 p.c., 15 p.c. or even higher. Under the B.P. Tariff, most of these are subject to a rate of at least 2½ p.c., although there have been small duty-free imports of screens from Australia.

In summary, the proposals placed before the Board were for free entry or reductions in the existing rates for most ancillary equipment and accessories. These proposals were essentially unopposed even in respect of products made in Canada. The main representations in support of free entry or lower rates were based on the goods not being available from Canadian producers and the higher costs of equipment needed by Canadian professional photographers, film editors and others engaged in motion picture production, and hobbyists, resulting from the existing duties.

The Tariff Proposals and Their Implications

Under the existing tariff items which apply to ancillary equipment and accessories, a number of products are specifically named; in certain cases they are named only in relation to specified users, for example, producers with studios in Canada. Products not so named are classified elsewhere in the Customs Tariff under an appropriate specific provision if one exists, in the basket item of the photographic schedule (46200-1), or in some other appropriate basket item. Under many of these other provisions, they are subject to considerably higher rates of duty. For example, optical sound equipment qualifying for entry under tariff item 46245-1 is free of duty under the M.F.N. Tariff; if imported other than by professional motion picture producers with studios in Canada, it is dutiable at 15 p.c., M.F.N. under tariff item 46200-1. Arc lamps for motion picture work are Free, B.P. and 15 p.c., M.F.N., under tariff item 46305-1; otherwise they are classified under tariff item 44504-1 at rates of 15 p.c., B.P. and 20 p.c., M.F.N.

Because only specifically named products are provided for in such items as 46235-1 (camera accessories), 46245-1 (ancillary equipment for producers with studios) and 46305-1 (motion picture accessories), there has been a steady increase in the value of photographic equipment classified under the basket item 46200-1 and the other items of a general nature, as new products not covered by more specific provisions of the existing items are introduced. Moreover, because the new products are usually dutiable, at 15 per cent or more, under these other items, a large percentage of imports of technologically advanced equipment has become dutiable at fairly substantial rates of duty, over the years.

Under the Brussels Tariff Nomenclature, goods are classified not only according to the wording of the headings themselves, but also according to the accompanying rules of interpretation, section notes and chapter notes which form an integral part of the Brussels Tariff structure. In so far as photographic ancillary equipment and accessories are concerned, a few products such as lenses, flash apparatus, screens, spotlights, and some others are specifically named; other products are classified with the lenses, cameras, projectors or other goods with which they are to be used, including most attachments to cameras such as tripods, filters of various kinds and blimps for motion picture cameras. Products which may have more general application, such as lighting equipment other than flash apparatus, are classified according to their own nature and not as photographic equipment.

At the public hearing, virtually all parties represented agreed to the adoption of a schedule based on the B.T.N. and saw significant advantages in using such an internationally accepted system of classification. However, the items proposed to the Board, by the C.P.T.A., involved considerable departures from the Brussels system of classification, such as the inclusion of lighting equipment of all kinds as camera accessories, the classification of slide viewers as projector accessories, and the listing of some ancillary equipment, such as camera dollies, in an item relating to motion picture processing equipment. Departures from the B.T.N. system of classification would render it difficult or impossible to use the Nomenclature and the Explanatory Notes in establishing the proper classification of the goods.

The Arguments Relating to Protection

As noted, virtually all of the proposals requested free entry for a larger variety of ancillary equipment and accessories; in some instances, lower rates instead of free entry were proposed to provide some degree of protection for Canadian manufacturers. The main reasons advanced in support of these proposals were the lack of Canadian production of the equipment under consideration and the dependence of those engaged in professional still or motion picture photography on imported products. The existing duties on professional equipment was claimed to have had an adverse effect on ability of Canadians to compete with American commercial photographers in the Canadian market by increasing the cost of the equipment and, therefore, requiring a substantially larger capital investment in Canada than in the United States.

Apart from lenses and slide magazines, Canadian manufacture of ancillary equipment and accessories is very limited. Most of the Canadian manufacturers are very small companies or have their major manufacturing activities in other product lines.

Some of the products which are or have been made in Canada, such as carrying cases, wrist straps and camera grips, are designed for particular models or lines of cameras and are usually produced by or for the manufacturer of the camera in the country of origin of the camera; the very limited Canadian production of the types of cameras with which such accessories are used seriously limits the potential demand for these goods. The Canadian production of camera grips and carrying cases for certain imported cameras marketed in Canada by Bell & Howell appears to have been an unusual circumstance.

The establishment in Canada by Leitz of a plant to produce a very specialized line of high-priced lenses was not brought about primarily by economic considerations and international political considerations appear to have been an important factor; it was established using imported skilled labour and is oriented towards production of lenses for export and defence contracts. Its sales of lenses in the domestic market are very small and its products are competitive only with a very few imported lenses designed to fit the parent company's cameras; apparently Leitz was not concerned with competition from these in the Canadian market.

Canadian production of ancillary equipment and accessories appears to have developed without any apparent pattern. It has evolved because companies were manufacturing related products requiring similar equipment or skills as in the case of projection screens; because of unusual circumstances such as in the case of lenses, or because a company sought out additional markets or was approached by Canadian photographic equipment manufacturers, as in the case of the camera cases, camera grips and wrist straps. The manufacture of slide magazines appears to have been undertaken because of the large domestic demand for certain kinds.

The development of equipment incorporating new technology or innovations, or the manufacture of products considered to be unique by purchasers, would give a Canadian producer a significant advantage. The latter appears to account for the export of Canadian-made lenses to the United States in spite of the 12.5 p.c. duty which applies to them. However, as indicated above, this plant was established in Canada more for (international) political than for economic reasons.

The development in Canada of new or unique products would not necessarily lead to manufacture in this country. The Canadian domestic market is not large enough to support the manufacture of particular products in this area, and to be successful, a producer would need access to export markets, particularly to the world's largest market for photographic equipment, in the United States. However, United States manufacturers are protected by tariffs ranging from 4.5 p.c. on light meters to 12.5 p.c. on most other products. Therefore, as regards ancillary equipment and accessories, the establishment of a plant in the United States gives a manufacturer the advantage of both the American tariff and freight costs in meeting competition from Japan or the Federal Republic of Germany; it also places him in a better position (than a Canadian producer) with respect to other American manufacturers of competitive or substitutable products. Technolux Products Ltd., an innovator of professional electronic flash equipment with self-contained power supplies and controls, moved its operations to the United States and discontinued production in Canada; the American tariff on the kind of goods made by Technolux is 5.5 per cent, as opposed to the Canadian rate of 15 p.c., M.F.N. Apparently the existence of a much larger demand in the United States was a much greater attraction than the much higher protection available in the smaller Canadian market.

A large proportion of the imports of ancillary equipment and accessories is dutiable and such protection for Canadian manufacturers has been available for a long time. In its earlier references on photographic equipment, the Board set low rates or recommended free entry for products not produced in Canada, on the basis of the needs of Canadian professional photographers or of those concerned with producing motion pictures in Canada. The dominance of a few countries, such as the United States, the Federal Republic of Germany and Japan, as suppliers of such equipment, suggests a high degree of international specialization in this area.

The cash cost to Canadian consumers of the duties on ancillary equipment and accessories is much higher than the estimated \$1.5 million per year collected in duties, during the period 1969 to 1971, because the cost of the duty is enhanced by the federal sales tax and the mark-ups on the duty-paid value of imports. The cost of

Canadian-made goods would be enhanced by pricing up to the tariff. It is estimated that at the distributor's selling price level, this adds nearly \$2.5 million to the cost to Canadian purchasers; at least another \$0.9 million would probably be added to the cost to Canadian consumers at the retail level. The approximately \$3.4 million of additional cost, arising out of the existing duties, is perhaps more than twice the estimated value of shipments of Canadian produced ancillary equipment and accessories to the domestic market during the 1969 to 1971 period. The estimated effect of the existing duties on the income of Canadian manufacturers from sales to the domestic market, the cash benefit they derive from the tariff, would be of the order of five per cent of the cash cost of the duties as calculated above.

Many different kinds of equipment and apparatus now used as ancillary equipment and accessories were unknown at the time the tariff items which specify particular kinds were introduced into the Customs Tariff. The new kinds of equipment frequently incorporate advanced technology and a variety of innovations relating to the many changes which have occurred in the fields of still and motion picture photography. However, because these generally technologically-advanced types of products were not included by name in the existing duty-free items, they are provided for in such general items as 46200-1 and 44603-1 which have M.F.N. rates of 15 p.c. and 17½ p.c. respectively.

Although the existing duties increase the cost of certain kinds of goods to Canadian purchasers such as professional photographers, motion picture producers without studios, film editors and also hobbyists, Canadian manufacturers derive little benefit from their existence. Moreover, the existence of duties on these kinds of photographic equipment for a very long period of time has had little effect in stimulating Canadian production of such goods. The very small output and variety of ancillary equipment and accessories manufactured in Canada, and the lack of a pattern to suggest the circumstances which can lead to viable Canadian production, make it virtually impossible to analyse the prospects for greater production in Canada.

PHOTOGRAPHIC FLASH BULBS AND FLASHCUBES

Flash bulbs and lamps for use in photography are sold either as single units or in groups encased in plastic. Four bulbs designed to be used in succession, encased, constitute a flashcube. Electronic flash equipment does not use flash bulbs; it is dealt with earlier in this Chapter.

Two kinds of flashcubes are used with inexpensive still picture cameras. The earlier type was discharged electrically by batteries. The newer type, introduced in 1970, is ignited mechanically; its popularity is growing and it is replacing the electrically-ignited flashcube and the flash bulb. A very new form of flash, electrically-ignited, designed to be used with a newly-introduced camera, contains ten flash bulbs arranged in two rows of five.

Flash bulbs or lamps, when imported, are dutiable at rates of 15 p.c. B.P., and 20 p.c. M.F.N., under tariff item 44504-1, which was not specifically referred to the Board. The M.F.N. rate was temporarily reduced to 15 p.c. in the February 19, 1973 Budget.

When imported, mechanically-ignited flashcubes are classified under the basket item of the photographic schedule, tariff item 46200-1, at rates of $2\frac{1}{2}$ p.c., B.P., and 15 p.c., M.F.N.; the electrically-ignited type, including the new product containing ten bulbs, would be classified under item 44524-1, which was not specifically referred to the Board, at rates of 15 p.c., B.P. and $17\frac{1}{2}$ p.c., M.F.N.

No data are available concerning mechanically-ignited flashcubes. Figures on domestic shipments and imports include flash bulbs and both electrically- and mechanically-ignited flashcubes. All these goods are designed essentially for the same purpose and the data which follow relate to all of them collectively. Based on the estimated landed cost of imports and the reported value of Canadian shipments, the domestic market absorbed an annual average of 135 million flash bulbs and flashcubes of all kinds, valued at \$10.8 million, in the years 1969 and 1970.

The table which follows shows the relative importance of imports and of shipments of all photoflash bulbs and flashcubes by Canadian manufacturers. The estimated value of imports includes the cost of duty and the estimated cost of freight, but excludes federal sales tax, to make the value of imports shown comparable to the value of Canadian shipments.

Table 5-12: The Canadian Market for Photoflash Bulbs and Cubes, Selected Years 1964-72

<u>Year</u>	<u>Domestic Shipments</u>			<u>Imports</u>	<u>Total Market</u>	<u>% Domestic of Total per cent</u>
	<u>Miniature</u>	<u>Other</u>	<u>Total</u>			
			- thousand units -			
1964	60,656	14,593	75,249	1,537	76,826	98.0
1966	92,703	10,505	103,208	2,076	105,284	98.0
1968	118,388	7,027	125,415	7,122	132,537	94.6
1969	127,002	6,264	133,266	6,719	139,985	95.2
1970	93,162	21,491	114,653	14,437	129,090	88.8
1971	114,520	20,303	134,823	4,110	138,933	97.0
1972	..	..	..	14,018	..	..
			- thousand dollars -			
1964	4,320	1,132	5,452	103	5,555	98.1
1966	7,188	857	8,045	203	8,248	97.5
1968	9,260	649	9,909	466	10,375	95.5
1969	9,797	504	10,301	448	10,749	95.8
1970	8,009	1,621	9,630	1,231	10,861	88.7
1971	7,207	1,361	8,571	496	9,067	94.5
1972	..	..	..	1,134	..	..

Source: Statistics Canada

Until 1970, Canadian producers accounted for more than 94 per cent of the numbers and more than 95 per cent of the value of all photoflash bulbs and cubes sold in Canada. The somewhat larger proportion of imports in 1970 reflects the introduction of the mechanically-ignited flashcube in that year; it was not produced in Canada until about the end of 1970. The increased imports in 1972 probably reflected an over-all increase in demand; however, domestic shipments for 1972 are not available. It is evident that Canadian producers dominate the market for photoflash bulbs including cubes (Table 5-12).

The Canadian producers of flash bulbs and cubes also produce projection bulbs and other photographic lamps; these are much more expensive than most types of photoflash bulbs. The Canadian manufacturers hold more than 50 per cent of the market for these products. At the public hearing, the spokesman for Canadian General Electric (C.G.E.) indicated that his company imports photographic bulbs when the demand for a particular kind is not sufficient to justify manufacture in Canada and that it sometimes exports to its parent company. No export statistics are available.

Photographic bulbs are produced in Canada by Canadian General Electric Company Limited, Westinghouse Canada Limited and G.T.E. Sylvania (Canada) Limited; only Sylvania produces the mechanically-ignited flashcubes. All three companies are subsidiaries of American firms which also produce photographic bulbs. Sylvania's parent company developed the mechanically-ignited flashcube and, at least until recently, was the only producer of that product in the United States.

Photoflash lamps and cubes are imported almost entirely from the United States, The Netherlands and Britain, with much smaller imports from the Federal Republic of Germany and other countries. In the years 1969 and 1971, imports under the B.P. Tariff constituted less than 10 per cent of the total and there were no imports under the General Tariff. Table 5-13 excludes imports in 1970 because of the unusually large increase in imports in that year, arising out of the introduction of the mechanically-ignited flashcube.

Table 5-13: Average Annual Imports of Photoflash Bulbs and Cubes, by Origin, 1969 and 1971

	<u>Quantity</u> '000 units	<u>Value</u> \$'000	<u>Per Cent of Total</u> Quantity Value per cent	
Total B.P.	531	29	9.8	7.3
Total M.F.N.	4,883	363	90.2	92.7
Total, all countries	5,414	392	100.0	100.0
U.K.	481	27	8.9	6.8
U.S.A.	3,074	284	56.8	72.6
Netherlands	1,658	67	30.6	17.2
West Germany	113	7	2.1	1.8

Source: Statistics Canada

All imports in 1972, totalling 14.0 million units valued, f.o.b. country of origin, at \$938,000, were from the United States, The Netherlands, Japan and the Federal Republic of Germany. The United States alone accounted for the increase, supplying 13.66 million units, valued at \$925,000. This accounted for 97.4 per cent of the quantity imported and for 98.6 per cent of the value of imports. Almost the entire balance was from The Netherlands.

Tariff Considerations

The rates of duty which apply to importations of photographic flash bulbs and cubes are as follows:

<u>Tariff Item</u>	<u>Product</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
44504-1	Flash bulbs	15 p.c.	20 p.c.(a)	30 p.c.
44524-1	Electrically-ignited flashcubes	15 p.c.	17½ p.c.	30 p.c.
46200-1	Mechanically-ignited flashcubes	2½ p.c.	15 p.c.	30 p.c.

(a) Temporarily reduced to 15 p.c. in the February 19, 1973 Budget.

Neither tariff item 44504-1 nor 44524-1 was specifically referred to the Board; item 46200-1 was referred to the Board in so far as it relates to photographic equipment.

Canadian General Electric, a manufacturer of photographic bulbs and electrically-ignited flashcubes in Canada, pointed out that their products are classified under tariff items not specifically referred to the Board and urged that the existing tariff treatment for these should be maintained. As a potential producer of the mechanically-ignited flashcubes, the company felt that the present rates for these were also appropriate. By letter, Westinghouse Canada concurred in this submission.

In correspondence with the Board, subsequent to the hearing, Sylvania urged the retention of the present tariff treatment of photographic bulbs and electrically-ignited flashcubes. As the sole producer of the mechanically-ignited flashcubes, the company felt that these should be subject to the same rates of duty as the electrically-ignited cubes. None of these companies put forward any evidence as to the need for the existing or any other rates of duty in respect of any of the goods, nor did they provide any information or argument in support of their proposals.

The discussion of these goods, at the hearing, was extremely limited. When it was drawn to the attention of the spokesman of the C.P.T.A. that mechanically-ignited flashcubes are imported under a tariff item specifically referred to the Board, he indicated that, in

his opinion, they would continue to be covered by whatever residual item applied to photographic equipment.

Under the existing tariff, the Canadian manufacturers hold a very large share of the market for photoflash bulbs and cubes, about 95 per cent in most years. The drop in imports in 1971 indicates that domestically-produced mechanically-ignited cubes displaced imports when Canadian-made cubes became available. As C.G.E. suggested, the imports may consist largely of special types of photoflash bulbs not available from Canadian production.

The principal rates applicable to photographic bulbs and cubes of all kinds are those under the M.F.N. Tariff. About 90 per cent of the numbers and 93 per cent of the value, of imports of photoflash lamps, are entered at M.F.N. rates; an even larger proportion of the imports of other kinds of photographic bulbs are entered under the M.F.N. Tariff.

The provisions of the B.T.N. respecting photoflash bulbs and cubes are currently under review by the Customs Co-operation Council in Brussels. At present, the mechanically-ignited flashcubes are classified in heading 90.07 together with still picture cameras and photographic flashlight apparatus. Flash bulbs, electrically-ignited flashcubes and all other photographic lamps are included with other electric lamps or bulbs in heading 85.20. Consideration is being given to the transfer of electrically-ignited flashcubes and single flash bulbs used in photography, to heading 90.07. If this were done all flashcubes and all single flash photographic bulbs would be classified in heading 90.07.

SLIDES, FILMSTRIPS AND MICROFILMS

The only exposed, processed films covered by a tariff item specifically referred to the Board are the slides and filmstrips of tariff item 46300-1. This provision is understood to cover finished slides, filmstrips and microfilms, ready for projection, not covered more specifically by any other tariff item. These goods, of course, are not photographic equipment, but rather end-products of industries using such equipment.

No information is available regarding Canadian production nor the size and distribution of the Canadian market for exposed slides, filmstrips and microfilms, but it is probable that a substantial proportion of the sales are for educational or research purposes, to schools, colleges and universities. These sales would exclude slides processed for photographers who purchased unexposed film and paid for the processing as part of the price of the film; they would also exclude microfilms made by institutions, companies and others for their own use.

In recent years, there has been a rapid development of the simultaneous publication of books and other documents both in conventional printed form and in the form of microfilm, usually microfiche. All American Government publications are now available in both forms and at least one Canadian publisher has published all its books in both forms since 1970. The microfiche version is ordinarily much cheaper than the conventional printed form and can be distributed more

cheaply. The important advantages of microfiche include ease of retrieval in conjunction with a computer, the tremendous reduction of storage space relative to filing of original documents and books, the ease and low cost of reproducing microfiche and the low cost of mailing, for example, by a large research library to a researcher in another city or country. While its uses are limited to those with microfiche readers, such as educational and research institutions, libraries and large firms, it represents a convenient substitute for some conventional publications which may, in time, have a considerable effect on the printing industry.

Imports of exposed photographic films and plates, with the exception of motion picture film sold to the consignee, are classified in one commodity class. In the three-year period, 1969 to 1971, total annual imports of such films and plates averaged \$5.3 million; of this total, \$4.9 million, or 93.2 per cent came from the United States. Imports in 1972 amounted to \$5.3 million, of which \$4.8 million, 91.1 per cent, came from the United States. Only a small part of these imports entered under tariff item 46300-1, but the increasing use of simultaneous publication of books and other documents on microfiche may lead to future increases in imports of microfilms under this item.

Microfilm is also being used increasingly as a medium for recording computer output. Transfers of data between officers of the same company or between companies, by this method, could lead to an increase in the domestic use of microfilm and increased imports of recorded microfilms.

Tariff Considerations

Slides, filmstrips and microfilms, of specific types or for specific purposes, are accorded free entry under all Tariffs under a number of items, the relevant parts of which are reproduced below.

- "65815-1 ... still picture films, negative or positive ...
all the foregoing being news features or recordings
of current events
- "69530-1 ... filmstrips ... for deposit as archives and for
exhibition without commercial purpose, under such
regulations as the Minister may prescribe
- "69605-1 ... filmstrips, microfilms, slides and other photo-
graphic reproductions ... All the foregoing when
for the use of any society or institution incorporated
or established solely for religious, educational,
scientific or literary purposes, or for the encourage-
ment of the fine arts (namely architecture, sculpture,
painting, engraving and music), or for the use of any
public hospital, public library, public museum,
university, college, academy, school or seminary of
learning in Canada and not for sale or rental unless
to those mentioned herein, under such regulations as
the Minister may prescribe

"69615-1 ... slides and slide films, positive or negative ... All the foregoing when certified by the Government or by a recognized representative authority of the Government of the country of production or by an appropriate representative of the United Nations Educational, Scientific and Cultural Organization as being of an international educational, scientific or cultural character; Under such regulations as the Minister may prescribe"

Slides and filmstrips may also be imported under a number of other tariff items, under appropriate circumstances. The residual provision is in item 46300-1, the only relevant item referred specifically to the Board, which has rates of Free, B.P., 15 p.c., M.F.N. and 25 p.c., General. The item is worded:

"46300-1 Still picture projectors, and slides and film strips therefor, n.o.p."

In the Brussels Nomenclature, all slides, film strips, and microfilms, exposed and developed, would be in heading 37.05, regardless of use. The heading of course, can be sub-divided for tariff or statistical purposes.

There was virtually no discussion of the slides and filmstrips of tariff item 46300-1 at the public hearing. Only one proposal placed before the Board made any mention of these goods; Kodak Canada Limited suggested that a new tariff item be inserted in the "657 series", which applies to other exposed films, to "provide for entry of slides and filmstrips at B.P., Free, M.F.N., 15 p.c., General, 25 p.c." the existing rates of duty. Although the company processes slides, Kodak did not advance arguments regarding the appropriateness of these or any other rates of duties.

Although the matter was not discussed at the public hearing, the Board was informed of certain anomalous situations which can arise in the administration of the existing items. With the exception of the still projectors, the goods of item 46300-1 are free of duty and sales tax under tariff item 69605-1, when imported by institutions of learning but, when imported by individual scholars, they are dutiable at the rates of item 46300-1. As a result, a scholar who required reproductions of paintings, rare manuscripts, technical books, or similar material for research purposes would be required to pay duty and sales tax unless an institution of learning acquired these for his use. It was also brought to the Board's attention that, although the books and periodicals described in items 17305-1 and 18405-1 could be entered free of duty, microfilm reproductions of them may be dutiable under item 46300-1.

As the above indicates, the filmstrips, slides and microfilms, described by item 46300-1, may include a substantial amount of educational and research material. However, the item also provides for such goods as slides, filmstrips and microfilms imported by businesses and manufacturers for promotional purposes, finished slides sold to tourists, filmstrips for use in the stereoscopic viewers frequently used by children and microfiche versions of all kinds of books and documents.

CHAPTER 6: EQUIPMENT FOR MOTION PICTURE PRODUCTION

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CHAPTER 6: EQUIPMENT FOR MOTION PICTURE PRODUCTIONINTRODUCTION

The Canadian Customs Tariff has provided for free entry for a variety of photographic equipment used in the production of motion pictures in Canada since 1937. Since its inception, this special treatment has been restricted to "professional motion picture producers having studios in Canada equipped for motion picture production". Over time, the two relevant tariff items, 46220-1 and 46245-1, have been expanded to include more equipment. Initially, free entry was limited to imports of 35 mm. motion picture cameras; in 1952, the specification of film size was removed and all motion picture cameras imported by qualified producers could be entered free of duty; in 1958, optical sound equipment, dollies and other mobile mounting units for motion picture cameras, booms for microphones, and editing equipment were added to the list of duty-free equipment; and, in 1962, magnetic sound equipment and camera blimps were added.

The provision for duty-free entry of certain motion picture equipment was designed to encourage the Canadian motion picture industry by reducing the cost of the equipment required for shooting and editing motion picture films and for recording and processing the sound tracks for films. Most of the equipment had to be imported and duty-free entry reduced the capital costs of the producers without affecting the market for products manufactured in Canada.

In wording the item it recommended in 1937, the Tariff Board was concerned that foreign film producers could shoot films in Canada with cameras entered free of duty, with little or no use of Canadian talent or labour, and that they would then process these films abroad.

However, the motion picture industry has changed greatly since 1937 and it is no longer necessary for a motion picture producer to own a studio, nor any equipment, in order to produce motion pictures. The changes in the structure of the industry were the result of technological advances, innovation in making films, rising costs, and changes in the size and kinds of audiences served. Improvements in the quality of the equipment and the film materials decreased the dependence on studios, and made it possible for an increasing proportion of motion pictures to be made on location.

These developments led to the emergence of independent producers who rented studio space and equipment, hired the skilled personnel they needed, and paid for the services of editors, technicians, film processing laboratories, sound studios and optical effects studios. During the 1960's, the demand for motion pictures for television broadcasts reinforced the demand for such specialized services.

The growth of the television industry and the development of improved videotape equipment affected motion picture production in other ways as well. Telecasts, for example, did not require conventional, 35 mm. film materials; 16 mm. and even the smaller, super 8 mm. films, were quite adequate for television. More importantly, motion picture films for telecasting could be made directly on videotape, and

the production of motion pictures no longer depended only on conventional film materials. Indeed, for many broadcasting purposes, videotape was much superior to the older materials because it was automatically "processed" simultaneously with the shooting and was immediately available for transmission and the familiar "instant replay".

The use of videotape was not limited to the production of motion pictures for telecasting. Conventional film prints can be made from videotape and, by 1971, occasional producers were using videotape in preference to conventional film to make the original shots of feature films, and growing numbers of feature films were being made specifically for television, using videotape for shooting. The cost of shooting on location with a large crew of highly-paid technical staff, actors and actresses, is very high and the use of videotape permits the immediate retake of a scene which has failed to achieve the desired effect; if ordinary film is used, it must first be processed, usually at some distance from the shooting site, with rushes available the following day at the earliest. Such a delay may be very costly if light and weather conditions change in the interval.

Thus, the motion picture producer who shoots an entire film in a studio, for whom items 46220-1 and 46245-1 were intended, is almost an anachronism; most producers shoot part of the footage in studios and part on location. "Professional motion picture producers having studios in Canada equipped for motion-picture production", the wording used in items 46220-1 and 46245-1, frequently rent out their studios and are generally active in providing facilities and services to others, on a fee or rental basis.

MOTION PICTURE PRODUCTION IN CANADA

Five principal steps are involved in making a motion picture on conventional film materials: shooting, developing and printing, editing, finishing, and making prints carrying both images and sound. Videotape is handled like conventional film but requires no developing and printing before editing. A videotaped film may be reproduced on conventional film for editing or storage; conventional film is reproduced on videotape for telecasting.

During the shooting of a motion picture, the sound is recorded on magnetic tape using a separate, specially designed tape recorder. In the earlier stages of processing, the sound and the images are dealt with separately. The exposed film is sent to a processor for developing and printing. For a feature film, as much as 180,000 feet of film may be exposed and less than 30,000 feet printed; the final product, the feature film released for exhibition, consists of approximately 10,000 feet of 35 mm. film, with a running time of 90 minutes. While the film is being developed and printed, a sound studio makes a sound track from the magnetic tape, on sound film having sprocket holes along one edge in order that the sound may be capable of being synchronized, exactly, with the images made on film of the corresponding width.

An editor, who may also be the director or producer, examines the prints and selects those parts which are to be retained. The editor, director and often, also the producer, continue the process of editing and cutting until the film is of the required quality and duration. During this process, decisions are usually made regarding background music, special sound effects and visual effects which are to be added.

The edited final print is now ready for synchronization of the dialogue and sound with the images, and the addition of optical and sound effects, including the musical score. Optical effects may be created by simultaneously filming a projected background and live actors, and variations of this and other techniques. Special screens and projectors are required for these purposes.

The sound portion of the completed film consists of three separate sound tracks: one track carries all of the dialogue, one the special sound effects, and one the musical score. Defects in the dialogue or narration can be corrected at this stage. Each track is synchronized with the images on the film and with each other. The finishing stage results in a master film from which additional masters or copies for distribution are printed. A master film is in fact two separate films, one of which carries the images and the other the sound tracks. Only the copies for exhibition carry both the images and sound on the same film base.

The final step involves making prints for distribution, usually by means of an automated contact process. Several prints are ordinarily made for showing in a number of locations at the same time, and the process requires expensive equipment capable of reproducing copies from the master film rapidly and automatically.

The above is a very condensed outline of how a motion picture film is made; the actual process is much more complicated and involves the participation of highly skilled experts and the use of complex equipment and controls.

Two elements are involved in the finished film: the images and the sound and, as the above indicates, each is processed separately and each requires specialized skills and equipment.

The following text, taken from the 1937 report by the Tariff Board on "Motion Picture and Sound Equipment", provides an accurate description of motion picture production in Canada into the late 1960's.

"The motion picture industry in Canada is not well developed at least so far as the production of feature full-length films is concerned. The chief activity at the moment is directed to the production of educational, news, sales promotional, advertising, and industrial pictures."

Indeed, 1969 was the first year in which feature films were produced in Canada in any quantity, apparently largely with financial assistance provided by the Canadian Film Development Corporation (C.F.D.C.). Between January 1969 and July 1971, the C.F.D.C. provided financial assistance for 45 feature films.

The effect of television on the output of the motion picture industry is clear from Table 6-1. However, although television appears to have created a large additional demand, mainly for commercials, it appears to have displaced some "other" kinds of films previously made for showing in movie theatres.

Table 6-1: Motion Picture Production^(a) in Canada, by Main Types, Selected Years, 1952-70

<u>Made for Television</u>					<u>All Other</u>				Total TV & Other
<u>Commer- cials</u>	<u>Docu- mentary</u>	<u>(b) Enter- tain- ment</u>	<u>Total</u>	<u>Feature Films</u>	<u>Shorts</u>	<u>Other</u>	<u>(c) Total</u>		
								<u>-</u>	
1952	111	134	-	245	3	73	1,940	2,016	2,261
1955	1,334	385	338	2,057	1	47	2,471	2,519	4,576
1959	2,164	123	365	2,652	-	30	2,662	2,692	5,344
1962	2,695	377	437	3,509	2	71	3,893	3,966	7,475
1963	3,164	523	380	4,067	1	39	3,725	3,765	7,832
1966	3,167	547	106	3,820	6	44	4,539	4,589	8,409
1967	3,084	614	988	4,686	7	40	4,262	4,309	8,995
1968	2,791	598	648	4,037	7	28	3,753	3,788	7,825
1969	3,289	244	404	3,937	19	51	1,422	1,492	5,429
1970	2,822	207	377	3,406	25	60	1,402	1,487	4,893

(a) By private industry and government

(b) Before 1963, included in "other"; includes TV newsreels and informational subjects

(c) Includes industrial films, newsreels, trailers, titles, filmstrips, etc.

Source: Statistics Canada

The statistics in Table 6-1 cover the operations of private firms as well as of provincial and federal government agencies which produce a large variety of motion picture films in the promotion of tourism, education, instruction, and entertainment. Although the number of films made by each sector is published, the figures are not very useful because television commercials of less than two minutes duration have the same weight in the published statistics as theatrical shorts with a running time of up to 60 minutes, or feature films running 60 minutes or longer. The television commercials are made almost entirely by private industry; in contrast, ten of the 25 feature films reported in 1970 were made by government agencies.

A peak in the number of motion pictures was reached in 1967, the year of Canada's Centennial and Expo 67, and the number of films made declined very sharply after 1967. Only 4,893 films were made in 1970 compared with 8,995 in 1967. The decline was particularly large in the case of non-television films, whose number declined by nearly two-thirds between 1967 and 1970. However, as noted above, the number of subjects filmed, of itself, may be a poor indication of actual developments.

Table 6-2 gives the running time of films shot in Canada during the period 1954 to 1970. A given length of 16 mm. film would run about $2\frac{1}{2}$ times as long as a corresponding length of 35 mm. film and approximately one-half as long as a similar footage of 8 mm. film; these relationships were used in constructing the table.

Table 6-2: Films Produced and Printed in Canada by Private Industry and Government Agencies, in Terms of Running Time, Selected Years, 1954-70

	Viewing Time			<u>Total</u>
	<u>8 mm.</u>	<u>16 mm.</u>	<u>35 mm.</u>	
	-	'000 minutes (a)	-	
1954	..	540.4	276.5	816.9
1957	..	1,362.2	303.1	1,665.3
1959	..	1,550.7	235.3	1,786.0
1961	..	2,017.1	252.6	2,269.7
1963	..	2,299.1	196.4	2,495.5
1965	..	2,337.1	237.9	2,575.0
1966	..	2,455.2	185.1	2,640.4
1967	..	2,650.5	161.7	2,812.1
1968	..	3,652.2	143.0	3,795.3
1969	260.4	2,688.5	152.2	3,101.1
1970	177.2	2,558.1	196.9	2,932.3

(a) Converted on basis of 1,000 ft. of 8 mm. = 50.0 minutes, of 16 mm. = 27.8 minutes, and of 35 mm. = 11.1 minutes

Source: Derived from Statistics Canada data

A comparison of the trends in Tables 6-1 and 6-2 indicates that, although the number of films declined very sharply after 1967, the total running time of the films produced and printed in Canada continued to increase after 1967 and was slightly larger in 1970 than in 1967.

As would be expected, employment and income resulting from film-making and processing reflected the increased demand for filmed material made for television transmission. The sharp rise in the number of firms engaged in these activities and in the salaries and wages paid by them also reflect the growth of Canadian film-making and processing (Table 6-3). Between 1962 and 1970 the number of firms and employees both increased by nearly 50 per cent; salaries and wages more than doubled; and production revenues and income from the processing of films almost trebled.

Table 6-3: Summary Statistics of Canadian Motion Picture Production (Private Industry) Selected Years, 1962-72

No. of Firms	no.	No. of Employees		Salaries & Wages \$'000	Production	Gross Revenues	
		Total	Per Firm			Printing and Laboratory	Total (a)
		- nos. -				- \$'000 -	
1962	76	903	11.9	3,729	7,312	3,946	12,109
1963	69	949	13.8	3,812	7,768	3,939	12,115
1964	71	953	13.4	4,356	7,905	4,351	12,694
1965	74	891	12.0	4,687	8,640	4,543	14,257
1966	82	944	11.5	4,853	11,458	5,111	17,944
1967	93	1,161	12.5	6,669	14,475	7,546	22,735
1968	95	1,186	12.5	7,416	16,060	9,917	26,902
1969	89	1,227	13.8	7,680	15,248	10,190	26,865
1970	112	1,345	12.0	8,697	20,748	12,161	34,062
1971	..	..	..	..	..	..	..
1972	150	1,156(b)	7.7(b)	9,213	22,877	12,582	36,402

(a) Includes other revenue

(b) As of the last complete week of September, or the closest pay period thereto; not directly comparable with preceding years

Source: Statistics Canada

Table 6-3 applies to the operations of private firms engaged in producing and processing motion picture films in Canada and sets out the gross revenues obtained from motion picture production in Canada, including income from the rental of Canadian-made films. It includes both producers with and without studios, and all laboratories providing sound, visual effects and processing services. It should be noted that the number of employees and the wages and salaries paid would be very much larger if the operations of government agencies were included in the table.

Complete statistics are not available regarding motion picture production in the public sector, for example, by federal and provincial agencies or educational authorities.

The number of employees per firm and the gross revenue per firm probably vary considerably, within the industry, so that average figures are not very meaningful. In any event, in 1972, the latest year for which data are available, the average gross revenue per firm from film production and processing was \$242,700 and the average number of employees was 7.7. The revenue per firm has been increasing steadily in the same period, from \$148,300 in 1961 to \$242,700 in 1972.

Three factors in the recent expansion of the industry deserve special mention; these are: Expo 67, the regulations of the Canadian Radio-Television Commission (C.R.T.C.) regarding "Canadian content" of television programming, and the activities of the Canadian Film Development Corporation (C.F.D.C.).

Expo 67 provided a showcase for Canadian talent and technical resources and resulted in the widespread recognition of Canadian capabilities in these respects, at a time when many American producers were going outside the United States to make films.

However, the more obvious and more direct stimulants of motion picture production in Canada have been the rulings of the C.R.T.C. regarding the minimum Canadian content of television programming, and the financial assistance of the C.F.D.C. for the production of feature films in Canada.

The 1970-71 annual report of the C.F.D.C. states that:

"In three years, the ... Corporation has made substantial progress in fulfilling its role as defined in the CFDC Act. A \$12 million feature film industry in Canada has come into existence with the Corporation itself committing \$4 million in 44 feature films." (Page 4)

The report also notes that:

"With theatre attendance steadily dropping and the cinema becoming less and less a form of mass entertainment, the Corporation and Canadian Producers must turn their attention more towards television where feature films now form the bulk of prime time programming." (Page 7).

The figures in Table 6-1 confirm the importance of shorter films for television programming. It is in connection with the use of motion picture films in telecasting that the "Canadian content" regulations of the C.R.T.C. are important.

The regulations, effective October 1, 1970, provided for a gradual increase in the Canadian content of television and radio programming, over a period of time. After October 1, 1972, they required that Canadian television programs, as defined by the Commission, would account for at least 60 per cent of the programming time between 6.00 a.m. and midnight and that this proportion would also apply to the prime time period between 6.30 p.m. and 11.30 p.m. The requirement regarding the prime time period, 6.30 p.m. to 11.30 p.m., assures that a minimum of three hours of evening programming will be Canadian. In the context of the C.F.D.C.'s statement, above, that "feature films now form the bulk of prime time programming" the potential impact on Canadian motion picture production is substantial.

THE MOTION PICTURE PRODUCTION EQUIPMENT INDUSTRY

The Images

Because motion picture equipment must produce the very high quality of image suitable for commercial purposes, the quality of its construction and design must be high. Motion picture production equipment which would meet professional standards is not known to be made in Canada, except for some developing tanks and, perhaps, other relatively simple individual items.

The cameras used for commercial motion picture production are most frequently 16 mm. or 35 mm., but include an increasing number designed for super 8 mm. film. Most would provide for recording synchronized sound and all would be designed and built to meet high standards of quality and precision. They would incorporate a variety of features accepted as standard in a camera used for shooting commercial films. No such cameras are made in Canada.

The variety of other equipment and accessories required in making a film, such as arc lamps, spot lights, camera blimps, dollies, booms, exposure meters, tripods, special lenses, colour filters and many others, are also not known to be made in Canada.

The developing and printing, editing, finishing, and final printing processes also require many different kinds of equipment. The proposals of the C.P.T.A. listed film developing machines for black and white and colour processing, automatic controls and automated devices therefor, film slitting and cutting machines, motion picture printing machines for contact or reduction, automated tape punch devices, looping devices, tape readers, faders, interrupters and cueing devices, optical effects printers, animation stands, animation cell punches, and a host of other devices, controls, and equipment used by film processing and special optical effects studios and laboratories. None of these devices or apparatus are known to be made in Canada.

Imports

Motion picture producers having studios in Canada can import cameras, camera blimps and parts thereof, free of duty under the B.P. and M.F.N. Tariffs, under item 46220-1; they may also import the dollies, booms and other equipment specified in item 46245-1, free of duty under the B.P. and M.F.N. Tariffs. Equipment used in the production of motion pictures, if not specified in these two items, or if imported by persons or companies not qualifying as producers with studios in Canada, would be classified under a number of other items with M.F.N. rates ranging from Free, under items such as 46235-1 (accessories for cameras) and 46240-1 (specified processing equipment), to 15 p.c. under items such as 46305-1 (specified studio equipment).

Imports under the two tariff items which provide for producers with studios in Canada are entered almost entirely under the M.F.N. Tariff. During the six-year period, 1966 to 1971, equipment originating in M.F.N. countries accounted for 93.5 to 100.0 per cent of the imports under item 46220-1 (with the exception of 1967), and for 98.6 to 99.9 per cent of the imports under item 46245-1. No imports under the General Tariff were recorded 1966 to 1971 and, therefore, the small balance of the imports were of B.P. origin, almost entirely from Britain. Imports under the two items which apply to producers with studios in Canada are shown in Table 6-4.

Table 6-4: Imports under Tariff Items 46220-1 and 46245-1,
1966-72

	<u>B.P.</u>	<u>M.F.N.</u>	<u>Total</u>	<u>% M.F.N.</u>		<u>B.P.</u>	<u>M.F.N.</u>	<u>Total</u>	<u>% M.F.N.</u>
		- \$'000 -		of Total per cent			- \$'000 -		of Total per cent
1966	3	323	326	99.1	15	7,243	7,258	99.8	
1967	224	528	752	70.2	63	4,563	4,626	98.6	
1968	33	347	380	91.3	4	4,828	4,832	99.9	
1969	-	709	709	100.0	14	4,840	4,854	99.7	
1970	1	484	485	99.8	13	3,997	4,010	99.7	
1971	48	693	741	93.5	6	4,809	4,815	99.9	
1972	32	517	549	94.2	16	5,751	5,767	99.7	

Source: Statistics Canada

During the period 1969 to 1971, combined imports under items 46220-1 and 46245-1, largely from the United States, averaged \$5.2 million per year. Of course, this amount excludes imports of the same kinds of equipment by producers without studios in Canada, by film processing laboratories, by sound effects studios, film editors, and others, who did not qualify as producers with studios in Canada. In addition, imports of equipment not specifically named in items 46220-1 or 46245-1, even though imported by producers with studios in Canada, would be classified under other items. A very large variety of equipment used in the production, processing and editing of professional motion picture images is not specifically named in items 46220-1 and 46245-1.

Statistics are not available regarding the value of imports of photographic equipment used in the production of professional motion picture images, but the fragmentary data available to the Board suggest that total imports might have averaged about \$10 million annually, 1969 to 1971. This estimate includes videotape equipment, valued at about \$2.5 million, imported under tariff item 46245-1 by television stations or others qualifying as motion picture producers with studios in Canada.

In addition to videotape equipment, the imports under tariff item 46245-1 include other goods used in the recording and processing of sound; these imports cannot be quantified with certainty but it seems probable that imports of conventional image capturing and editing equipment, under tariff items 46220-1 and 46245-1, probably averaged more than \$2 million annually, 1969 to 1971. Imports of similar equipment under other tariff items, and of other equipment used in the production of conventional motion picture images, probably amounted to about \$5 million annually.

Almost all imports under items 46220-1 and 46245-1 appear to be entered under the M.F.N. Tariff. Almost all of the remaining imports of this equipment, entered under other items, also originates in M.F.N. countries. Some of the imports under items other than 46220-1 and 46245-1 would be dutiable at 15 p.c., M.F.N., under such items as 46210-1 (motion picture cameras) and 46305-1 (motion picture projectors, arc lamps, light effect machines); some would be entered duty-free under such items as 46235-1 and 46240-1, which provide for

accessories and processing equipment, respectively; and a substantial proportion would be classified under basket item 46200-1, dutiable at 15 p.c., M.F.N. For example, the splicers, synchronizers, viewers and rewinds named in item 46245-1, and the blimps named in item 46220-1, would generally be classified under item 46200-1 when imported by someone not qualified as a producer with a studio in Canada. Item 46200-1 would also apply to many new devices and newly-developed kinds of equipment not named in other items, whether or not they were imported by a producer with a studio in Canada; almost all of the photographic equipment classified under item 46200-1 would be dutiable at 15 p.c., M.F.N.

Almost none of the equipment used in producing the images of motion pictures is known to be produced in Canada and no Canadian manufacturer informed the Board of intentions to produce such equipment in Canada in the foreseeable future.

The Sound

The sound which accompanies the images of a motion picture may include dialogue and narration, background sounds and noises, music, and special sound effects; the dialogue and some of the background sounds and noises may be recorded at the same time as the images, but the other sounds would normally be recorded separately. Each of these various sounds may be recorded on separate tapes to allow their eventual mixing and re-recording in order to achieve the end-result sought by the director and producer.

The recording, mixing and re-recording involves the use of complex, very high quality recording, re-recording, amplifying, monitoring, and play-back equipment, controlled by sound consoles which permit the control of as many as 24 to more than 40 tapes at the same time. Such equipment allows the sound editor to increase or decrease the intensity of certain sounds (for example, the sound of a rifle shot), to emphasize the sound of selected musical instruments such as trumpets or violins and, in fact, to create a tremendous variety of sound and musical effects by adding, deleting, intensifying, reducing, and mixing many different kinds of sounds. Of course, all of these sounds must eventually be synchronized, precisely, with the images which will appear on a cinema or television screen.

The complexity, quality and precision of the design and construction of sound equipment suitable for use in motion picture production are indicated by the cost. Eastern Sound submitted documents relating to purchases of such equipment; these costs are summarized in Table 6-5. The first column shows the cost of the equipment excluding duty and federal sales tax, but including Ontario sales tax; this would be the cost to a producer having a studio in Canada. The second column shows the comparable cost to a sound laboratory which did not qualify under item 46245-1; it includes duty and Ontario sales tax but excludes the federal sales tax.

Table 6-5: The Cost of Certain Imported Sound Equipment

	Duty and Federal Sales Tax Excluded (Item 46245-1)	Duty Included, Federal Sales Tax Excluded
	- cost in dollars (a)	-
Sound console (2 units)	114,336	134,344
Tape recorder	36,889	39,153
Tape recorder	2,984	3,169
Tape recorder	2,309	2,452
	<u>156,518</u>	<u>179,118</u>

(a) Cost includes Ontario sales tax

It is important to note that sound equipment entered by "professional producers having studios in Canada equipped for motion picture production" might be used for processing sound for motion picture producers not qualifying under item 46245-1. It is also important to note that the very high quality of the sound equipment suitable for recording and processing motion picture sound tracks would be suitable for producing the master tapes from which phonograph records are made.

Indeed, the popularity of many Canadian performers of popular and classical music and the international reputation of some Canadian symphony orchestras and "pop" groups have been reflected in a substantial demand for recordings made by them. The existence of high quality recording equipment, in Canada, has resulted in an increased number of master tapes being made in Canada; the regulations of the C.R.T.C. regarding Canadian content of radio programming have provided an additional incentive to making master tapes of music composed or performed by Canadians, in Canada.

Production in Canada

The Canadian sound equipment industry and the firms comprising it are small. In 1971, five firms were known to produce sound equipment, four in Toronto and one in Montreal. The Toronto firms were McCurdy Radio Industries Ltd., J-Mar Electronics, Tempo Audio Industries, and Ward-Beck Systems Limited; the only Montreal producer was Olive Electro Dynamics Inc. These five companies, together, employed less than 100 persons in 1970 in the manufacture of sound equipment and had annual sales estimated at slightly more than two million dollars; by late 1973 their total employment had risen to about 200 persons and their sales were of the order of \$3.0 million per year.

Except for one firm, the industry is very young. The oldest firm began operations in 1948 and, until the second was established in 1965, was the sole Canadian manufacturer. Of the remaining three companies, one began operations in 1968, one in 1969, and one in 1970. All five are owned, operated and controlled by Canadians. The five companies produce components and assemblies used in recording, mixing and play-back equipment, in addition to sound consoles and other sound control equipment.

Because of the engineering aspects and the generally technical nature of the industry, many of the approximately 200 employees are relatively highly skilled. Only part of the employment provided by the industry is involved with the production of goods directly relevant to this Reference. A substantial number is employed in the production of equipment used in radio stations, theatres, public halls, auditoriums, and educational institutions; such equipment would include public-address systems, intercom systems, amplifiers of various kinds, and related control and other equipment.

Components, parts and materials, including frames and cabinets, account for about $\frac{1}{3}$ to $\frac{1}{2}$ of the total cost of production of the five companies; imported components, parts and materials varied from $\frac{1}{4}$ to $\frac{1}{2}$ of the total material costs, depending on the kinds of equipment being produced. Most of the imports were of electrical or electronic components dutiable at rates of 15 per cent or $17\frac{1}{2}$ per cent, depending on their nature.

Although some of the equipment made in Canada would be fairly standard items, a substantial part of the output of this industry, of equipment directly relevant to this Reference, appears to be of equipment designed and built for specific applications by motion picture and television sound studios. Economies of scale would be a minor factor in the production of such custom equipment. This, together with the quality of the Canadian design and construction, has resulted in four of the five Canadian producers exporting some of their output to the United States. One company's exports have accounted for as much as 50 per cent of its annual sales.

The Canadian Market

The market for the output of the sound equipment industry is provided by sound studios, radio and television stations, theatres for the various performing arts, and educational and other bodies. Generally, the five manufacturers do not compete directly with each other in respect of their domestic output, each specializing in some particular design area. The principal competition is provided by imported goods, for some of which the companies are the Canadian distributors; each company would compete with imported equipment in its own field of specialization.

Two of the major companies in the field estimated the total Canadian market for sound control equipment at about \$4 million per year, of which 70 to 80 per cent was supplied by Canadian manufacturers. The market for sound control equipment specialized for motion picture production was estimated at \$200,000 to \$250,000 per year, but sales to the television broadcasting industry would double these figures. The available information suggests that sales to motion picture producers and telecasting stations, who would qualify as producers with studios in Canada under item 46245-1, might amount to about \$500,000 per year, of which domestic producers supply about 75 per cent. The estimated value of sales of sound equipment which would qualify for entry under item 46245-1 would appear to represent about 10 to 15 per cent of the value of sales by the five Canadian producers.

TARIFF CONSIDERATIONSThe General Issues

Equipment used in the production of motion picture images is entered under a large number of tariff items, the most important of which were specifically referred to the Board. The two tariff items which apply most directly to such equipment provide for duty-free entry under the B.P. and M.F.N. Tariffs by "professional producers having studios in Canada equipped for motion picture production" but, as noted earlier, the changes in the organization and structure of the motion picture industry, since these items were first introduced, has reduced the relative importance of these two items in respect of motion picture production in Canada; the value of imports of equipment used in motion picture production and not qualified for entry under items 46220-1 and 46245-1, appears to be about as large as the combined value of imports under the two items.

The C.P.T.A.'s proposals to the Board suggest the large variety of equipment used in the production of motion pictures. The C.P.T.A. listed more than one hundred different kinds of equipment which might be used in making a motion picture, exclusive of the parts, attachments, accessories and carrying cases which the association also specified in most of its proposed items; this list was not exhaustive.

The large number of products which relate to the images in motion picture production are now entered mainly under items specifically referred to the Board, such as 46200-1, 46210-1, 46220-1, 46235-1, 46240-1, 46245-1, 46305-1, and 46315-1; some controls used in connection with the images might be classified under items such as 42700-1 ("Machines, n.o.p., and accessories, attachments, control equipment and tools for use therewith; parts of the foregoing").

Equipment used in the production and recording of the sound is classified mainly under tariff items which apply to electrical and electronic apparatus; none of these items were specifically referred to the Board. The main ones are 44524-1 ("Electric apparatus and complete parts thereof, n.o.p."), 44533-1 ("Radio and television apparatus and parts thereof, n.o.p."), 44536-1 ("; microphones, including microphone stands"), 44538-1 ("Recorders, reproducers and dictation recording and transcribing equipment using magnetizable tape as a recording medium; parts thereof, n.o.p."). The rates of duty which apply to the above tariff items are given below; most of the relevant imports under these items would be entered under the M.F.N. Tariff.

Item Number	Rates in Per Cent		
	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
46200-1 (a)	2 $\frac{1}{2}$	15	30
46210-1 (a)	5	15	30
46220-1 (a)	Free	Free	15
46235-1 (a)	Free	Free	10
46240-1 (a)	Free	Free	10
46245-1 (a)	Free	Free	15
46305-1 (a)	Free	15	35
46315-1 (a)	Free	10	35
42700-1	2 $\frac{1}{2}$	15	35
44524-1	15	17 $\frac{1}{2}$	30
44533-1	Free	15	25
44536-1	7 $\frac{1}{2}$	7 $\frac{1}{2}$	25
44538-1	10	12 $\frac{1}{2}$	25

(a) Specifically referred to the Board

Many of the products which are covered by the above items are dealt with in the Chapters relating to cameras, projectors, and other equipment used in recording and processing the images. This section deals with the more general issues raised by the spokesmen for motion picture producers, film processors, television broadcasters, cablevision companies, sound and optical effects laboratories, film editors, and others.

The principal issues raised by these spokesmen involved questions such as the following:

- should the Customs Tariff differentiate between professional and amateur motion picture production equipment?
- in respect of professional motion picture production equipment:
 - (a) should the Customs Tariff differentiate between producers who have a studio in Canada and those who do not;
 - (b) should the Customs Tariff differentiate between motion picture producers with studios and others, such as film editors, film laboratories and sound studios?
- should the administration of the Customs Tariff differentiate between professional motion picture producers on the basis of whether they use conventional or non-conventional (e.g. videotape cameras and recorders) motion picture equipment?

The Submissions Presented to the Board

The General Representations

The consensus of the submissions to the Board was that photographic equipment used for commercial purposes should be distinguished from that used for amateur or recreational purposes. The submissions generally agreed that almost all professional equipment should be entered free of duty or, at least, at lower rates than would apply to amateur equipment. The tariff items which were presented for the consideration of the Board generally made no reference to the kind of user, but were intended to distinguish between professional and amateur equipment on the basis of specified features such as the film-width for which the equipment was designed. Also, certain kinds of equipment, for example, camera blimps, dollies, and booms, are unlikely to be used by non-professionals.

The consensus of the submissions to the Board was that the existing differentiation between producers with studios in Canada and those without studios had become obsolete. Consequently, there was general agreement that ownership of a studio should not be taken into consideration in determining the rates of duty which apply to equipment used in the production of professional motion pictures.

There was also general agreement that there should be no differentiation, for customs purposes, between professional motion picture producers (with or without a studio in Canada) and those who provide specialized services to the motion picture industry, such as film processing laboratories, film editors and sound effects studios.

There was no opposition, at the hearing, to the position taken by the cablevision companies that the Customs Tariff should not differentiate between television stations and cablevision systems, with respect to videotape equipment. Television stations normally have studios in which programs are filmed on conventional film materials; most cablevision studios record and transmit by means of videotape and, therefore, are not deemed to have studios "equipped for motion picture production" as provided for by items 46220-1 and 46245-1. The differentiation between television and cablevision companies with respect to videotape recorders was temporarily removed by Order in Council P.C. 1972-2494 (see Chapter 1).

Thus, the general representations to the Board were in agreement that professional motion picture equipment should be distinguished from amateur equipment on the basis of design and capabilities, and that the nature of the equipment and not the user should be the determining factor in the classification of the relevant goods for customs purposes. Although there was no opposition to the proposals of the cable television companies, the implications of the proposals were not explored except from the standpoint of the administration of existing end-use items 46220-1 and 46245-1.

The Tariff Proposals and Their Implications

The users of equipment which is required for the production of motion pictures requested free entry under both the B.P. and M.F.N. Tariffs. Such a proposal was made by the Association of Motion Picture Producers and Laboratories of Canada (AMPPLC) and was supported by the Canadian Association of Broadcasters (C.A.B.), the Canadian Cable Television Association (C.C.T.A.), the Canadian Film Editors Guild, and Eastern Sound Company Limited.

The Canadian manufacturer of motion picture cameras, Kodak Canada, did not oppose free entry under the B.P. and M.F.N. Tariffs, for motion picture cameras using films 16 mm. or more in width, but proposed rates of 5 p.c., B.P., and 15 p.c., M.F.N., for 8 mm. cameras without provision for recording sound. As noted, the super 8 mm. format is being used increasingly for the production of films for television. The tariff proposals relating to motion picture cameras are summarized in Table 2-13.

The two Canadian manufacturers of motion picture projectors, Bell & Howell and Kodak, proposed rates of 5 p.c., B.P., and 15 p.c., M.F.N., for all motion picture projectors, regardless of the film-width for which they were designed. The tariff proposals for motion picture projectors are summarized in Table 3-11.

The proposals relating to motion picture cameras and projectors were discussed in some detail in earlier Chapters. This discussion indicated that only 8 mm. cameras are assembled in Canada and that these would not be suitable for commercial purposes. The earlier discussion of motion picture projectors noted that some models of 8 mm. and 16 mm. projectors are assembled in Canada but that no 35 mm., 70 mm., or special types of movie projectors, regardless of the film-width for which they were designed, were made in Canada. The 16 mm. projectors would be considered professional equipment, but only a limited variety of models are assembled in Canada.

As the summaries of the tariff proposals for motion picture cameras (Table 2-13) and motion picture projectors (Table 3-11) suggest, the proposed rates of duty would provide protection for existing and potential production in Canada but would, at the same time, increase Canadian prices of professional motion picture cameras and projectors substantially.

Professional motion picture cameras are not made in Canada, nor are they likely to be made in Canada in the near future. The 35 mm. cameras are, as yet, the principal kind used for shooting motion pictures exhibited in movie theatres. However, based on the running time of the films (Table 6-2), in 1969 and 1970 combined, 86 per cent of commercial motion picture production in Canada was made on 16 mm. film, eight per cent on 8 mm. film and only six per cent on 35 mm. film.

Eight millimetre cameras will become increasingly important as this format is more widely adopted for cable and television transmission; the annual reports of Eastman Kodak suggest that 16 mm. film may displace 35 mm. film for making movies exhibited in the smaller, automated cinemas that the company believes will become common in the very near future.

Some of the tariff proposals regarding motion picture cameras would make professional 8 mm. cameras dutiable at rates of $7\frac{1}{2}$ p.c., 10 p.c., or 15 p.c., M.F.N., although there appears to be little likelihood that they will be produced in Canada in the near future. All of the proposals relating to movie cameras designed for films 16 mm. or more in width were for free entry under both the B.P. and M.F.N. Tariffs; these proposals would extend free entry to producers without studios in Canada and others. At the present time such cameras are generally dutiable at 5 p.c., B.P., and 15 p.c., M.F.N., when imported by other than a producer with a studio in Canada.

The tariff proposals regarding motion picture projectors, apart from the proposals of commercial users, would make all motion picture projectors dutiable at rates of $7\frac{1}{2}$ p.c., 10 p.c., or 15 p.c., M.F.N. The only professional movie projectors known to be made in Canada are a limited number of models designed for 16 mm. film. Thus, the proposals would make professional 8 mm. projectors and all 16 mm. projectors dutiable, as at present. Also, 35 mm., 70 mm., and special types of motion picture projectors would continue to be dutiable. These large-format and special types of projectors are very expensive and even a relatively low rate of duty would add substantially to their cost. The Canadian demand for these types appears to be very small.

Canadian General Electric Limited (C.G.E.), a producer of certain kinds of television cameras, urged that the existing tariff item and rates of Free, B.P., and 15 p.c., M.F.N., which apply to these cameras should be maintained. In a letter to the Board, Canadian General Electric indicated that the prices of its television cameras ranged from \$20,000 to \$80,000 per unit. Television cameras are classified under item 44533-1, an item not specifically referred to the Board, at rates of Free, B.P., and 15 p.c., M.F.N.

There was almost no discussion of the C.G.E. proposal at the public hearing. However, the C.C.T.A., speaking on behalf of Canadian cablevision companies, informed the Board that although the kinds of television cameras used by television stations are made in Canada, those which are required for the transmission of programs by cable are not available from Canadian manufacturers.

The C.C.T.A. spokesman indicated that the cameras used for cable transmissions are different in design and technical capabilities from the television cameras used by television stations. His comments suggested that the cameras used by most cablevision operations would be less sophisticated in design and power-handling capabilities than those used by television stations because the former are intended to transmit over a wire while the latter are designed to transmit through the air. He noted that a camera used for black and white transmission by cable would be priced at around \$5,000, but that a comparable camera used by a television station would be priced between \$35,000 and \$50,000.

Ward-Beck Systems Limited, a manufacturer of various sound recording, sound mixing, and sound processing consoles, and related audio amplifiers, proposed rates of 10 p.c., B.P., and 15 p.c., M.F.N., for consoles used in mixing and processing sound.

The rates proposed by the company were premised on the elimination of the provisions for free entry of sound equipment by professional producers with studios in Canada. When imported by a producer with a studio in Canada, a sound console would be entered under item 46245-1, free of duty under the B.P. and M.F.N. Tariffs; when imported by others, including producers without studios or sound mixing studios, sound consoles would be classified under item 44524-1, at rates of 15 p.c., B.P., and $17\frac{1}{2}$ p.c., M.F.N.

Eastern Sound Company Limited (Eastern Sound), a large proportion of whose business is in connection with motion picture sound, urged that sound equipment imported by a company which provides sound recording services to the motion picture industry should be treated, for customs purposes, as if it were imported by a producer with a studio in Canada, under existing item 46245-1, that is, free of duty.

As noted, the AMPPLC represented Canadian motion picture producers and laboratories at the public hearing. The Association proposed free entry under both the B.P. and M.F.N. Tariffs for a long list of "apparatus and equipment of a kind used in the production of motion pictures by motion picture producers, cinematographic laboratories, sound editing and optical effects studios". The very long list of apparatus and equipment included optical and magnetic sound recording and reproducing equipment, and recording, re-recording and mixing consoles.

"Optical and magnetic sound equipment" is now entered free of duty under the B.P. and M.F.N. Tariffs by producers with studios in Canada under item 46245-1. The proposal of Ward-Beck would make imports by qualified motion picture producers dutiable at 10 p.c., B.P. and 15 p.c., M.F.N. Almost all imports under item 46245-1 are of M.F.N. origin, 99.8 per cent of the total value of imports, 1969 to 1971.

The proposals of Eastern Sound and the AMPPLC would broaden, very considerably, the scope of item 46245-1 in so far as it relates to sound equipment. They would provide for duty-free entry of sound equipment imported by producers with studios, as under existing item 46245-1 and, in addition, would provide for similar treatment under the Customs Tariff for producers without studios, for film laboratories, and for sound editing and optical effects studios. Under the existing tariff items, the sound equipment imported by the latter group would be dutiable at M.F.N. rates ranging from $7\frac{1}{2}$ p.c. on microphones (item 44536-1), to $12\frac{1}{2}$ p.c. on recorders and reproducers (item 44538-1), to $17\frac{1}{2}$ p.c. on mixing consoles (item 44524-1).

Apart from the proposals regarding motion picture cameras, motion picture projectors, television cameras, and sound equipment, no specific proposals were received by the Board regarding any of the very great variety of equipment used in the production of motion pictures.

Ownership of a Studio as a Basis of Differentiation for Tariff Purposes

The motion picture industry includes companies (producers) which have studios for the production of films, independent producers who do not have studios but may own some equipment, and producers who depend almost entirely on rental equipment and space. To a varying degree all use the services of independent film editors, sound and image processing laboratories and other specialized services. Independent producers include entrepreneurs who make a significant personal contribution to the production of a motion picture, as well as those whose principal contribution is in providing finances.

When items 46220-1 and 46245-1 were originally established, most motion pictures were filmed in a studio and the wording, "for use by professional motion picture producers having studios in Canada equipped for motion picture production", was generally appropriate in differentiating between Canadian and foreign producers. However, today this wording serves mainly to differentiate between Canadian producers on the basis of the nature of their operations, and between film studios and, for example, independent film editors or optical effects studios. The wording of items 46220-1 and 46245-1 continues to assume that all, or a large part, of the production of motion pictures will be in a studio when, in fact, this is no longer the case.

A producer who specialized in news features, travel films, or films of wildlife in their natural habitat, would have little need of a studio. However, by not having a studio, much of the equipment he used would be dutiable at rates of 12½, 15 or 17½ p.c., while a producer employed by a company with a studio in Canada could undertake similar assignments outside a studio, using equipment which had been entered free of duty. Although both the freelance producer and the producer employed by a studio would be performing identical functions and making similar contributions to Canada's economic and cultural activities, the treatment of the equipment they used, under the Customs Tariff, would be different.

A similar inequity exists in situations where companies with studios in Canada use equipment which was entered free of duty to provide services for others in competition with editors and laboratories whose equipment is dutiable by reason of their not being "professional motion picture producers having studios in Canada".

Most television stations are classified as producers with studios in Canada. A spokesman for the Canadian Association of Broadcasters was asked whether all television stations had motion picture studios equipped for motion picture production. He answered:

"I have not the faintest idea what a motion picture studio is. I have said that we used our words rather carefully, that they are so recognized by the Customs Divisions. The point is this, sir, a good deal of the motion pictures which are produced by the stations ... are taken out on the streets. There are interviews that are taken in the studios, there are entertainment programs that are performed in studios and recorded on film or on tape and there are the cameramen who go out on the streets and take a picture of a fire. Frankly, we do not see any distinction between them. We are concerned with the equipment necessary to enable these pictures to be recorded and rebroadcast and we do not care where it is done." (1)

(1) Transcript, Volume 7, p. 1127, 1128

Thus, if the original objectives of the concessionary rates under items 46220-1 and 46245-1 were to encourage and stimulate the production and processing of motion pictures in Canada, these items now achieve these objectives to only a limited extent. Indeed, their effect appears mainly to increase the costs of establishments which provide essential services to television stations and to independent producers, and to favour the relatively large companies which qualify as "professional motion picture producers having studios in Canada equipped for motion picture production".

Issues Relating to Videotape Equipment

Videotape recording equipment is classified under item 46245-1, when imported by "professional motion picture producers having studios in Canada equipped for motion picture production", free of duty under the B.P. and M.F.N. Tariffs. When imported by others, this equipment is classified under tariff item 44538-1 at 10 p.c., B.P., and 12 $\frac{1}{2}$ p.c., M.F.N. Item 44538-1 is worded as follows:

"Recorders, reproducers and dictation recording and transcribing equipment using magnetizable tape as a recording medium; parts thereof, n.o.p."

Videotape recorders are capable of playback. They are not made in Canada and the total market demand is supplied by imports entered almost entirely under the M.F.N. Tariff, and largely from the United States. Imports of videotape recording equipment were estimated at somewhat more than \$2.5 million per year, 1969 to 1971. Most of the imports are entered by television stations; the dutiable imports are a very small part of the total and reflect the purchases mainly or entirely, by cablevision stations.

In its submission, the Canadian Association of Broadcasters (C.A.B.) indicated that its member television stations compete for their audience and advertising revenues with United States stations which beam their programs to Canada from locations close to large Canadian urban centres such as Vancouver, Toronto and Montreal. The Association urged that videotape recording and playback equipment continue to be entered free of duty when imported by a television station.

The C.A.B. claimed that direct competition with United States stations was made difficult by the effect of the duty paid on the cost of some of the equipment used by television and by the federal sales tax to which all of their equipment was subject. A major concern of the Association was in respect of videotape equipment, now entered duty-free by its members, under item 46245-1. Costs of videotape installations begin at about \$100,000 and may be very much higher.

The Canadian Cable Television Association (C.C.T.A.) urged that duty-free entry for videotape equipment should be extended to its members. The issue discussed in the Association's brief and in its oral submissions appears to involve the interpretation of the phrase "equipped for motion picture production", which occurs in both items 46220-1 and 46245-1. As these items are currently administered, it would appear that this phrase is taken to mean the recording of motion

picture images on conventional film materials. Most, if not all, television stations have studios in which interviews and live shows are recorded on conventional film materials; very few cablevision stations would actually record programs on conventional film materials although many would have studios in which such films could be made.

The programs originated by cablevision stations would be broadcast live in most cases, or else would be recorded on videotape. Because many cablevision stations would not transmit material recorded on conventional film, they would not require the equipment necessary to make conventional motion picture films and therefore, would not be regarded as having a studio "equipped for motion picture production".

The C.A.B. proposed that videotape recorders imported by television stations should continue to be free of duty. They are now accorded such treatment as "optical and magnetic sound equipment" under tariff item 46245-1, because television stations have been considered to be professional motion picture producers with studios in Canada equipped for motion picture production. If television stations were not so regarded, or if tariff item 46245-1 should be deleted and no other provision made for videotape recorders, videotape recorders imported by television stations would be subject to duty at rates of 10 p.c., B.P., and $12\frac{1}{2}$ p.c., M.F.N., under tariff item 44538-1, an item not specifically referred to the Board.

The issues raised by the submissions of the Canadian Cable Television Association are more complex, and involve the impact of technological change on the Customs Tariff, particularly as it affects the interpretation, for administrative purposes, of the phrase "equipped for motion picture production".

When this phrase was first introduced into the Customs Tariff, in 1937, as part of the wording of item 46220-1, motion pictures were produced only on conventional film materials; consequently, a studio equipped for motion picture production required only conventional cameras and related light and sound equipment. Although this type of equipment and the film materials underwent technological change with the passage of time, the basic processes remained unchanged: latent images were captured on the thin, light-sensitive emulsion with which a transparent film was coated and were developed by chemical means.

The images captured on a videotape make use of electronic instead of chemical processes, but the end-product is a tape on which a series of images are recorded. These images can be shown singly or as a sequence by using appropriate electronic apparatus. They can also be transferred to conventional film materials. Although the principles on which the two systems are based are different, both produce 'motion pictures'.

In effect, the issue raised by the proposals of the C.C.T.A. was whether a camera, for example, is a device which captures an image, or whether it is a device which captures an image on conventional, photo-sensitive film materials. The same issue had arisen in earlier discussions relating to whether the term "motion picture" had a broader meaning than the word "cinematographic"; some persons at the hearing felt that the phrase "motion picture cameras" would include television cameras as well as the conventional types.

From the standpoint of the production of series of images which give the illusion of motion, the nature of the medium on which they are recorded is unimportant. From the standpoint of the Customs Tariff, the nature of the medium and, more importantly, the kind of equipment used in conjunction with a particular medium, may be of very great importance. For example, conventional film equipment may incorporate electronic controls or devices, but is essentially mechanical; in contrast, videotape equipment uses electronic devices to a very much greater extent than conventional equipment but also incorporates a considerable amount of mechanical apparatus.

To a film producer, the choice between conventional and videotape equipment would be based on their relative capabilities to meet his requirements, their convenience, cost, and similar considerations. For purposes of tariff classification, conventional equipment is now classified in the photographic schedule and videotape equipment in the electrical schedule. Both kinds of equipment are used by professional motion picture producers to produce motion pictures in Canada but, apart from end-use item 46245-1, each is currently classified according to its nature, under different tariff items.

The Competition from Imports

Hardly any of the equipment used in connection with commercial motion picture production is produced in Canada, apart from the sound equipment discussed earlier in this Chapter. The manufacturers of sound control equipment appear to supply some 75 per cent of the Canadian demand for such equipment and four of the five companies export some of their output.

The principal external competition was said to be from British sound control equipment, some of which would be entered free of duty under tariff item 46245-1. However, the estimated Canadian demand for sound equipment eligible for entry under this tariff item appears to constitute less than ten per cent of the total Canadian demand for such equipment. Moreover, Canadian manufacturers export this kind of equipment in spite of higher costs of some components relative to foreign competitors, and the tariff protection of importing countries.

Some Effects of the Duties on Motion Picture Equipment

A very large variety of equipment is used in the production of motion pictures, almost none of which is made in Canada. Earlier, it was estimated that imports of equipment used to produce the images of professional motion pictures were valued at about \$10 million per year, 1969 to 1971, of which some 50 per cent would be entered free of duty under tariff items 46220-1 and 46245-1. Apart from goods qualifying for free entry under other tariff items such as 46235-1 and 46240-1, much of the remaining equipment would be dutiable at 15 p.c. or 17½ p.c., the M.F.N. rates which also apply to most of the goods named in tariff items 46220-1 and 46245-1 when imported other than by a producer with a studio in Canada.

The duties applicable to certain motion picture production equipment, often 15 p.c. or $17\frac{1}{2}$ p.c., result in a substantial increase in the cost of this equipment. Because almost none of this equipment is made in Canada there are virtually no benefits to Canadian manufacturers, Canadian employment or the use of Canadian resources, but the higher cost of the equipment might have a considerable impact on Canadian film production.

The effects of the duties are discussed in some detail, in the following paragraphs. Motion picture projectors were discussed in an earlier Chapter of this Report and, therefore, are not dealt with here.

Effects on Producers of Sound Equipment

Only one Canadian producer of sound equipment made representations to the Board -- Ward-Beck Systems Limited. The company's representations indicated that sound consoles used in controlling the recording, mixing and reproduction of sound were the principal interest of the company. Interviews and correspondence with other companies comprising this industry confirmed that, in so far as sound equipment used in motion picture production was concerned, sound consoles were the principal kind produced in Canada.

Although some of the equipment made in Canada would be of standard 'catalogue' items most sales appear to be of custom assemblies of individual units designed and built by the manufacturers. The number and complexity of the individual units which would constitute a complete assembly vary according to the requirements of the customer.

Sound equipment used in the production of motion pictures would be entered under a variety of items of the electrical schedule except when entered free of duty under the B.P. and M.F.N. Tariffs under item 46245-1 by producers with studios in Canada, including television stations. Sound consoles would otherwise be classified under item 44524-1, with rates of 15 p.c., B.P. and $17\frac{1}{2}$ p.c., M.F.N.

Sales by Canadian manufacturers of sound equipment qualified for duty-free entry under item 46245-1, if imported, were estimated to account for 10 to 15 per cent of the total sales by Canadian manufacturers. As noted, Canadian manufacturers supply about 75 per cent of the estimated \$4 million annual demand for this kind of equipment and only a small part of the total estimated imports of about one million dollars per year would be free of duty under item 46245-1; most of the competitive imports would be dutiable at rates of 15 p.c., B.P. and $17\frac{1}{2}$ p.c., M.F.N., under item 44524-1.

The spokesman for Ward-Beck spoke of limitations to expansion and "technological growth" arising out of the size of the market served and of "sacrifices" to make the Canadian products competitive with imports. Although he presented no data to indicate the nature or extent of the competition from imports, he said that the Canadian equipment was competitive with imports.

The size of the Canadian market for the output of Canadian manufacturers of sound equipment would not be significantly altered by increasing the rates of duty which now apply to the sound equipment used in producing motion pictures. There would appear to be more scope for expansion and technological growth with respect to the kinds of sound equipment which are dutiable under various items including 44524-1 ($17\frac{1}{2}$ p.c., M.F.N.), than in respect of the equipment which is eligible for free entry under item 46245-1, because the market for the former is larger. The fact that all of the Canadian manufacturers export to the United States and elsewhere, suggests that greater penetration, particularly of the United States market, would be more important in achieving growth.

The provisions of item 46245-1 would not appear to be of great importance to the Canadian producers of sound equipment used for conventional film production. Even if they were able to displace all of the imports of sound equipment used in motion picture production, an unlikely occurrence, their domestic sales would be increased by only about \$100,000 to \$200,000 a year, at most, an average of \$20,000 to \$40,000 per year for each of the five companies. In view of the very large size of the market for sound equipment in the United States, an increase of the exports to that country appears to be the most obvious means of achieving the volume of sales required for substantial growth of the Canadian sound equipment industry. Most of the relevant sound equipment is dutiable at rates of 5.5 p.c. to $7\frac{1}{2}$ p.c. when imported into the United States.

Canadian manufacturers of sound equipment appear to be in the position of paying fairly substantial rates of duty on materials and components not available from Canadian manufacturers. The Ward-Beck spokesman noted that about 20 per cent of the cost of materials used by the company was dutiable at rates of 15 to $17\frac{1}{2}$ p.c. and that this placed the company at a disadvantage in competing with imported equipment. He cited volume controls, selectro keys, mixing discs, semi-conductor devices and transistors as being among the goods imported. Interviews and correspondence with other companies which manufacture sound equipment in Canada, indicated an even greater use of imported components and parts.

Although the Canadian manufacturers could obtain a drawback of the duty paid on components used in the equipment they export, this would not apply to their sales in Canada. However, in spite of higher costs of parts and components than their foreign competitors, because a substantial part of their material inputs are dutiable at rates of 15 p.c. and $17\frac{1}{2}$ p.c., the Canadian companies supply an estimated 70 to 80 per cent of the increasing Canadian demand for the kind of equipment which they produce for recording, mixing and reproducing film sound. Although they have no tariff protection for sales of equipment which would be eligible for entry under item 46245-1, these constitute a small porportion of their sales. Although tariff item 46245-1 makes provision for free entry of parts, the Canadian manufacturers have apparently not taken advantage of this provision when importing parts for equipment to be sold to users who are entitled to import the equipment free of duty under this item.

Effects on Users of Sound Equipment

Purchasers of sound equipment capable of being used for motion picture production, other than producers with studios in Canada, import such equipment mainly at rates of 15 p.c. and 17 $\frac{1}{2}$ p.c., M.F.N. Such purchasers consist mainly of sound studios which provide specialized services to motion picture producers with and without studios in Canada.

At the public hearing, Eastern Sound, one of the largest Canadian sound studios, informed the Board that it had imported two consoles built to its specifications from the United States. The consoles were imported by Eastern Sound, together with other equipment. Because the company was not eligible to import under item 46245-1, the cost of the two consoles was about \$20,000 or 17.5 per cent higher than to a producer with a studio in Canada.

Eastern Sound listed a number of feature films, television films and other films and television productions for which its sound studios had been used. The company claimed that if its facilities for recording, mixing and reproducing sound had not been available, these motion pictures would either not have been produced in Canada or else a sound studio in the United States would have provided these specialized services. The list of films for which Eastern Sound had produced the sound included films made by United States producers in Canada, and a cartoon series and commercials produced for showing on American television.

The company spokesman noted that some of the major Canadian motion picture producing companies had used Eastern Sound's services although they qualified for importation of sound equipment under item 46245-1, as producers with studios in Canada. He explained that the capital outlay for high quality sound equipment was large and that film-makers operating on a small budget would not have such equipment and would use the specialized services of a sound studio.

In Eastern Sound's submission, as in others, it was made clear that the sound equipment used in the production of a motion picture can also be used in making master tapes for reproduction of records or of pre-recorded tapes. Eastern Sound informed the Board that it had exported record albums to the United States.

It is very difficult to assess the impact, on the Canadian motion picture industry, of the existing duties on sound equipment. The greatly increased demand for motion picture material for television broadcasting, the regulations regarding the Canadian content of television program material, and the federal government's financial assistance to producers of feature films, appear to have had a great impact in inducing an expansion of Canadian motion picture production. It is not possible to assess the negative effect of existing duties in this expansion. In any event, because a large proportion of the equipment used in producing the sound tracks of films would have been entered free of duty under tariff item 46245-1 by television stations, the principal effects of the existing rates of duty under other items, would have been on film producers without a studio in Canada, and on the cost of the services provided by specialized sound studios not eligible to import under item 46245-1.

In 1970, the gross revenues of the motion picture industry totalled \$34 million, salaries and wages \$8.7 million and the total number of employees, excluding freelancers, performers and musicians, was 1,345 persons: there is no way of quantifying the extent to which these figures might have been smaller if all of the sound equipment used by the industry had been subject to the rates of duty under items such as 44524-1, namely 15 p.c., B.P., and 17 $\frac{1}{2}$ p.c., M.F.N.

Almost all imports of sound equipment used in the production of motion pictures originates in M.F.N. countries and would have been dutiable at rates of 12 $\frac{1}{2}$ p.c., 15 p.c. or 17 $\frac{1}{2}$ p.c., if not qualified for duty-free entry under item 46245-1. High quality, professional sound equipment is expensive and, if dutiable at the above rates, would cost substantially more than it would if it were entered under item 46245-1. For example, a sound console valued for duty at \$50,000 would have cost nearly \$10,000 more if imported under item 44524-1 at 17 $\frac{1}{2}$ p.c. instead of under item 46245-1, free of duty; similarly, a tape recorder suitable for use in recording motion picture sound, on location, would cost more than \$3,000 if it were imported under item 44538-1 at 12 $\frac{1}{2}$ p.c. by an independent film producer, about \$350 more than the cost to a producer with a studio, qualified under item 46245-1. The Ward-Beck submission suggests that similar differences in cost would have obtained even if the equipment was made in Canada and was purchased from a Canadian producer.

As the above indicates, the effect of the duties under items other than 46245-1 on the cost of professional sound equipment and, therefore, on the investment required for such equipment, would have been substantial, if television stations and other producers with studios in Canada had not been able to import sound equipment under item 46245-1 or to purchase Canadian-made sound equipment competitive with imports qualified for entry under that item. The higher costs of professional sound equipment would have been an inducement to install lower quality facilities for recording and processing the sound for films or television broadcasts. Another possible effect would have been to delay or inhibit the establishment of sound processing studios capable of producing high quality sound tracks.

Thus, if all sound equipment had been dutiable, it is probable that the quality of the sound in Canadian-made films and television broadcasts would have been inferior to that which was used. It is also probable that at least some of the sound tracks of commercials and other short subjects would have been processed by sound studios in the United States.

However, it is possible that the lack of high quality sound processing facilities in Canada would have had the greatest impact on feature films and other film productions intended for exhibition in theatres. In order that the quality of the sound on Canadian films should be comparable with that of films produced in the United States and other countries, the sound tracks of such Canadian films would have had to have been processed outside of Canada if the appropriate facilities had not been available domestically. This would have resulted in a decrease in the revenues and employment of Canadian sound studios. If the sound tracks had included a musical score, as is usual, the use of foreign sound processing studios would also have involved fewer employment opportunities for Canadian composers, musicians and conductors.

Conversely, there is no way of determining what effect the existence of item 46245-1 has had on the availability of high quality sound processing facilities in Canada nor on the consequent development of the Canadian motion picture industry. However, there appears to be general agreement that it has been an important factor in encouraging the acquisition of high quality sound facilities by producers with studios in Canada and, thereby, ensuring the production of more films in Canada than would otherwise have been the case.

Although the duty on equipment imported by those not qualifying under item 46245-1 did not prevent the establishment of specialized sound studios in Canada, the process was probably slower because entry into this field was made more difficult owing to the substantially larger investment required. The complexity and cost of the equipment required to establish a fairly complete studio facility is very high, and is suggested by the reported expenditure of some \$500,000 to renovate and expand the sound recording facilities of the Eastern Sound studios.

Effects on Users of Image Recording Equipment

The cost of the large variety of equipment used in recording, processing, editing and reproducing the images of a motion picture film far exceeds the cost of sound equipment used in producing the associated sound track. With the exception of some developing tanks, none of this equipment is known to be made in Canada. It was estimated, earlier, that the Canadian demand for professional image recording motion picture equipment amounts to about \$10 million per year, of which 50 per cent is entered free of duty under items 46220-1 and 46245-1, by producers with studios in Canada. Much of the \$5 million of dutiable imported equipment would be entered by independent producers, film editors and others who provide specialized services to the motion picture industry.

Almost all professional image recording motion picture equipment originates in M.F.N. countries. Imports from B.P. countries appear to account for a fraction of one per cent of the total value of such imports and no such imports are known to be entered under the General Tariff. Thus, the M.F.N. rates of duty appear to be the only significant rates relating to this equipment. Most of the dutiable imports carry a rate of 15 p.c., M.F.N.

Because the standards of design, precision and workmanship required for professional equipment is high, much of it is expensive and the duty adds a substantial amount to its cost. In view of this, it is not surprising that the rates of duty which apply to importers not qualified as producers with studios in Canada, under items 46220-1 and 46245-1, should have been the subject of considerable discussion at the public hearing.

A rough estimate of the additional cost of image recording motion picture equipment, resulting from the existing duties, suggests that it is of the order of one million dollars per year. Considering that virtually none of the dutiable equipment is available from Canadian manufacturers and given the efforts of the federal and provincial governments to encourage motion picture production in Canada, this cost seems large.

Although the equipment in some of the specialized sound studios may exceed the minimum standards for a motion picture studio, its high cost is suggested by the expenditure already mentioned of some \$500,000 to renovate and expand the sound recording facilities of the Eastern Sound studios. A fairly complete motion picture studio would require an additional, much larger investment, to cover the cost of cameras, lights, editing, film-processing, and many other kinds of equipment. However, even a major motion picture producer with a studio in Canada, would require the specialized services of optical effects and sound laboratories, from time to time. The very high cost would tend to limit the extent to which even a large company might equip a studio. Television stations would depend on the specialized services provided by others for processing motion pictures on film and, to some extent, in recording sound and special visual effects, on videotape.

OTHER CONSIDERATIONS

There are other considerations which are not tariff considerations but which have some relevance. The following are dealt with briefly: the federal government's policy of promoting Canadian cultural activities; the desirability of developing and encouraging Canadian talent; governmental efforts to stimulate more production of motion pictures in Canada, particularly of feature films; the efforts of regulatory bodies to achieve a higher level of Canadian content in television and radio broadcasting.

The promotion of Canadian cultural activities by the Government of Canada is a policy of long standing, as is evidenced by the creation of agencies such as the Canadian Broadcasting Corporation and the National Film Board. More recent evidence of this continuing policy is the establishment of the Canadian Film Development Corporation (C.F.D.C.) and the reorganization, with enhanced powers, of the agency now named the Canadian Radio-Television Commission (C.R.T.C.).

The annual reports of the C.F.D.C. provide reviews of the problems and prospects of the Canadian motion picture industry; relevant excerpts from these are given below.

The 1968-69 annual report provides the following background.

"The distribution and exhibition of feature films is a thriving industry in Canada. Its fourteen hundred "hard top" and drive-in theatres generated revenues of \$103.5 million in 1967, up 10% from 1966. The rental of films for these theatres (and for non-theatrical and television use) had a value of \$56 million.... it has been estimated that two-thirds of the amount paid for film rentals is remitted abroad....

"The contrast between the distribution/exhibition side of the Canadian film industry and the production side is striking. In 1967, only \$22 million was expended in the private sector of the economy on the production of films. Of this amount, less than one-half million dollars was spent on the production of feature films.

In effect, Canadians spent more than forty times as much on the production of feature films abroad as they did on films made in Canada. These figures provide the economic reasons for government participation in feature film production. Canadian features will provide more employment for the industry; they will reduce the flow of funds through distributors to foreign production companies and provide Canadian film producers with income from abroad. Far more important, not only from the point of view of the government but also of the film-makers themselves, Canadian cultural development will be enhanced and Canadians will have an opportunity, under their own aegis, to show their talent on world screens."

In 1969-70, the C.F.D.C. reported as follows.

"While theatrical exhibition has been able to do little more than hold the line over the past two decades ... the rentals paid to distributors ... has risen steadily in Canada to \$64.2 million in 1968. Of this total, exhibitors paid \$41.8 million to show 35 mm films in their theatres ... Revenues from rental of 16 mm films to television constitute a further 30%.... Thus, while television is a competitor to the exhibitor, it is a much sought after secondary market for the distributor. Indeed, it is likely that together the two media are providing more films to a greater number of viewers than theatres alone ever provided. The monies derived from those sales, however, have always been remitted in large part to the producing countries, especially the United States, and are usually ploughed back into production in those countries rather than in Canada.

"The amount expended on film production, film printing and laboratory processing in the private sector in Canada has also risen steadily. During 1968 it rose 18% to \$26 million.

"Two other signs for the future of the Canadian feature film industry should be mentioned. The new regulations of the Canadian Radio-Television Commission will provide increasing opportunities for Canadian feature film producers. On television, they will have an assured market in Canada provided that production costs are not too high. Cable television, similarly regulated by the C.R.T.C., is also moving into programming instead of simply re-broadcasting existing signals and this too offers long term prospects.

"Secondly, television sets in the home will soon be able to be modified by an attachment to play videotape recordings. These recordings which will be packaged in cassettes will be available either for purchase or rent and will certainly include feature motion pictures. Indeed many features have already been transferred to videotape for this purpose. The market created by this new medium could be very large and would certainly provide additional finance for feature film-makers. It is one which Canadians should take advantage of to broaden the distribution of their own national culture."

The annual report for 1970-71 made the following comments.

"In three years, the Canadian Film Development Corporation has made substantial progress in fulfilling its role as defined in the CFDC Act. A \$12 million feature film industry in Canada has come into existence with the Corporation itself committing \$4 million in 44 feature films. Other Canadian investors have joined with it and contributed another \$4 million, the balance being provided by investments from outside the country, mainly major U.S. film companies.

"Of the \$12 million, \$2 million went to Canadian laboratories and technical services and \$3.5 million to Canadian filmmakers and other creative contributors to the Canadian film industry. The balance has been largely expended in Canada on other aspects of film production. There were 826 engagements for actors and actresses, 454 jobs for technicians and about 200 other jobs connected with these productions.

"Of the 44 feature-length films either in production or completed, 17 were originally produced in French and 27 in English, though in most cases, they are available in both languages. Seven of the 27 English films were filmed in Quebec where they made extensive use of French-speaking performers, technicians and creative staff.

"With theatre attendance steadily dropping and the cinema becoming less and less of a form of mass entertainment, the Corporation and Canadian producers must turn their attention more towards television where feature films now form the bulk of prime time programming."

The importance of television as a market for films is apparent from the quotations. The potentially greater importance of cable systems and videotape cassettes is also apparent. It seems clear, particularly from the complete annual reports, that the motion picture industry will become increasingly dependent on television, cablevision, and video cassettes, as outlets for its output. All of these media are involved with electronic means of producing and transmitting images.

As the C.F.D.C. notes, in the excerpt from its 1969-70 annual report, even in 1968 television accounted for 30 per cent of total distribution rentals for feature films and probably for a very much higher percentage of all filmed materials. Conventional film materials may continue to be used for editing and storage, and for exhibition in theatres, for some time.

Television stations are not normally equipped to process conventional films; they may shoot a film in a studio or on location but they generally lack the equipment for the processing, editing and other stages of making a print for exhibition. Although the figures are not directly comparable, in 1970, about 3,406 films were made for television (including 2,822 commercials) and only 1,487 were made for other purposes; some part of the 1,487 would eventually also be shown by television stations.

The existence of specialized Canadian laboratories and studios for the processing of motion picture images and sound is important to the Canadian television industry. The availability of these services is also likely to become increasingly important for cablevision systems.

By limiting free entry under items 46220-1 and 46245-1 to producers with studios in Canada, the cost of such equipment, imported mainly under the latter item, is substantially higher when imported by a sound studio, film editor or processing laboratory. This cost is higher because of the duty, and also because the federal sales tax, the distributor's mark-up and the provincial sales tax, enhance the effect of the duty. The higher cost of such equipment would tend to increase the cost of such services to Canadian motion picture producers and television stations.

Because videotape installations are very costly, the M.F.N. duty of $12\frac{1}{2}$ p.c., which applies to the dutiable imports, adds considerably to their cost. On a relatively inexpensive installation, priced at \$200,000, the M.F.N. duty under item 44538-1 would amount to \$25,000. Although the duty collected on the small percentage of the imports which are now dutiable contributes to government revenues, no other benefits are apparent.

On the other hand, the higher cost, resulting from the duty, is probably a serious burden for many cablevision operators. The C.C.T.A. informed the Board that more than half the cablevision companies have annual revenues of less than \$50,000(1); these companies would be able to afford only the cheapest videotape equipment. Moreover, some of the companies which could afford better equipment would be tempted to install inferior equipment because of the cost of the duty and, in doing so, would transmit inferior images and sound to their subscribers.

Motion picture studios would not normally have the sophisticated sound equipment suitable for making master tapes for the production of records or tapes for sale to consumers, but a few specialized sound studios now have equipment which meets these high standards. A considerable amount of the very complex and expensive sound equipment required for such purposes is not made in Canada. As noted, such equipment is subject to M.F.N. rates of $12\frac{1}{2}$ p.c., 15 p.c., or $17\frac{1}{2}$ p.c., under items not specifically referred to the Board, when imported by those not qualified under tariff item 46245-1.

The capability of recording high quality sound and the availability of the variety of complex and expensive equipment required for this purpose, is of considerable importance to Canada, both culturally and economically. In 1972, the latest complete year for which data are available, the sales of records "made in Canada", valued at the distributor's net selling price, amounted to \$63.7 million; the comparable sales value of pre-recorded tapes amounted to \$24.9 million. In addition, imports of phonograph records and pre-recorded tapes were valued at \$8.4 million, f.o.b. country of origin, in 1972; the sales value of these imports, at the distributor's level, is estimated at \$15 million, or more. As these figures indicate, the total value of sales of phonograph records and pre-recorded tapes, at the distributor's

level of trade, totalled nearly \$105 million, in 1972; at retail, their value of sales would exceed \$150 million.

Although more than 85 per cent of the total value of sales appears to be accounted for by Canadian production, in fact, this "production" consists mainly of making copies on phonograph blanks and blank tapes, of material recorded in other countries. The very large percentage of the total accounted for by Canadian production indicates that Canadian manufacturers of the records and tapes are capable of re-producing high quality products from imported "masters".

However, the large proportion of the original recordings made outside of Canada indicates that Canada participates to a very minor extent in this important aspect of the production of records and tapes. If more of the original recordings were made in Canada, there would be increased opportunities for creative expression by Canadian composers, musicians and conductors, and for the acquisition and use of the high level of engineering and technical skills required in making original recordings. In limiting free entry of professional sound equipment only to producers with studios in Canada and, thereby, excluding specialized sound studios from these benefits, the existing provisions of item 46245-1 may have been partly responsible for the low level of production of original recordings in Canada.

C.R.T.C. regulations require that at least 30 per cent of the music broadcast on AM radio between the hours of 6.00 a.m. and midnight "shall be by a Canadian and shall be scheduled in a reasonable manner throughout such period." This requirement has created a large market in Canada for musical recordings by "Canadians". After January 18, 1973, a musical composition is deemed to be by a Canadian if it fulfils two of the conditions noted below and at least five per cent of the compositions fulfil the condition set out in either (b) or (c); the conditions are:

- "(a) the instrumentation or lyrics were principally performed by a Canadian,
- (b) the music was composed by a Canadian,
- (c) the lyrics were written by a Canadian, and
- (d) the live performance was wholly recorded in Canada."

It is apparent that the regulations would create a considerable demand for compositions whose music or lyrics were composed or written by a Canadian (conditions (b) and (c)); it is also apparent that Canada should be an obvious choice for recording a large proportion of such compositions or of performances by Canadian artists. However, if Canadian equipment or recording skills were deemed to be inadequate by recognized performers or their agents, the C.R.T.C. requirements could still be met by a recording made in New York, Hollywood or elsewhere. The skills and techniques required to produce the special effects and high quality of modern recordings (on phonograph records or tapes) could be acquired only by experience in making recordings with the most modern sound equipment available.

The lack of the very complex and expensive equipment required to make recordings of sufficient quality to compete with original recordings made in other countries, would lead Canadian performers, pop groups, and symphony orchestras to make recordings in

the United States or other countries and would limit recording opportunities mainly to individuals, groups, or orchestras, already recognized internationally. The consequential employment opportunities and experience for audio engineers, technicians, and other skilled technical employees, would, of course, be available only to residents of the country where the recordings were made.

CHAPTER 7: PHOTOCOPY, MICROFILM AND BLUEPRINT EQUIPMENT

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CHAPTER 7: PHOTOCOPY, MICROFILM AND BLUEPRINT EQUIPMENTINTRODUCTION

Photocopy, microfilm and blueprint equipment is used for copying documents or for storing and retrieving information. The processes involved are essentially photographic and this equipment is ordinarily imported under tariff items covering more conventional photographic equipment.

There is a wide variety of equipment used in these processes varying greatly in size, complexity and cost. Photocopiers range from desk-top models which sell for less than \$100 to complex machines, usually available to customers only on a lease or rental basis, valued at \$2000 or more. Inexpensive microfilm readers are also available at less than \$100; complete microfilm installations cost thousands of dollars.

During its study of this equipment, the Board acquired information from many sources and obtained data from a number of distributors. Many of the detailed facts and figures which were made available to the Board cannot be published for reasons of confidentiality.

Production in Canada

It was stated, at the public hearing, that there was no Canadian production of photocopiers or of microfilm equipment. The Board has not been able to find any Canadian production of blueprint equipment.

Subsequently the Board learned that a small firm in Winnipeg, Graphic Products of Canada, Ltd., had produced an inexpensive desk-top photocopier in 1969 and 1970, under licence from a manufacturer in the United States. The company has advised the Board that this production has been discontinued. Currently the Dennison Manufacturing Company of Canada Ltd., a subsidiary of an American firm, carries out a minor modification of one model of its photocopier line in Canada; the modified model is sold only in Canada.

Late in 1972, Kodak Canada Limited commenced production in Toronto of a small microfiche reader, using imported components. No other Canadian production of microfilm equipment has come to the attention of the Board.

Xerox of Canada Limited has announced plans to commence production of photocopiers in 1974. It is understood that three popular models will be made in Canada and that reconditioning of other models will also be carried out at the Canadian plant. As yet, the Board has no firm information as to the employment that will be created or as to the extent the company will acquire or be able to acquire parts and materials in Canada.

Some distributors have informed the Board that they use some Canadian-made accessories or repair and replacement parts in photocopy, microfilm and possibly blueprint equipment. These are understood to consist largely of electrical components, such as line cords and receptacles, lamps and certain tools used in the repair and servicing of the machines. Very few other components are used which might be common to other kinds of equipment; replacement parts are usually supplied by the foreign manufacturer.

The reasons advanced for the lack of Canadian production are discussed in more detail in the sections of this Chapter which follow. Generally speaking, this was attributed to the small size of the market for any particular product and the rapid rate of technological change in these areas.

Although there is almost no Canadian production of the equipment or parts, substantial quantities of Canadian-made supplies are used in conjunction with the imported goods. For example, those forms of microfilm which are most used are produced in Canada but no statistics are available.

The photocopiers distributed by Xerox Canada Ltd., the major supplier in the Canadian market, and a few models produced by other companies, use uncoated lint-free bond paper. Most of the paper used in these machines is produced in Canada, and would account for a very large proportion of the Canadian demand for paper used in photocopying. There is also Canadian production of toners and similar products used with photocopiers.

Certain statistics are available with respect to the supply of coated reproduction paper used in conjunction with other photocopiers and with blueprint and whiteprint equipment. Canadian shipments of blueprint and other coated reproduction papers were valued at \$18.6 million in 1970 and at \$19.0 million in 1971. Imports, almost entirely from the United States, amounted to \$4.9 million in 1970 and to \$5.4 million in 1971. Most of the imports were of photocopier papers; because papers used in a wide variety of photocopiers are generally not interchangeable, the demand for many particular types of paper would be small and met from imports.

The Canadian Market

In the almost total absence of Canadian production, the import statistics reflect the composition and growth of the Canadian market. As much of the equipment is rented or leased by the user, no figures are available concerning sales. Imports of photocopy and microfilm equipment have increased rapidly in recent years, reflecting the development of new and more sophisticated equipment for diversified use in business and education. However, there is some evidence, as will be seen later, that the demand for blueprint equipment may be declining. The available import statistics are set forth in Table 7-1.

Table 7-1: Imports of Photocopy, Microfilm and Blueprint Equipment, and Parts, 1964-72(a)

					Total Photocopy, Microfilm & Blueprint Equipment	Per Cent U.S.A. of Total per cent
	Photocopy Equipment	Microfilm Equipment	Blueprint Equipment	Microfilm & Blueprint Equipment		
	- thousand dollars -					
1964,	..	..	..	..	13,660	97.8
1965	..	..	..	..	15,914	98.6
1966	16,856	..	..	2,211	19,067	98.7
1967	27,981	..	..	1,887	29,868	98.7
1968	23,804	..	..	1,337	25,181	97.2
1969	25,260	..	..	2,634	27,894	94.2
1970	31,354	2,859	687	-	34,900	95.9
1971	37,984	4,033	742	-	42,759	95.3
1972	51,885	5,326	857	-	58,068	94.5

(a) Excludes paper and film; prior to 1970 excludes microfilm cameras, readers and viewers

Source: Statistics Canada

The rapid growth of the Canadian market for the main products, as shown in the table, parallels that in the United States where the demand for photocopy and microfilm equipment forms an important percentage of the total demand for photographic equipment. In Canada, as in the United States, the use of photocopy and microfilm equipment has been increasing rapidly; imports of photocopy equipment alone account for a large percentage of the total and its share has been increasing. The estimated size of the Canadian market for photographic equipment is given in Table 1-1 in Chapter 1. Photocopy, microfilm and blueprint equipment accounted for 37 per cent of the total supply and for 40 per cent of the imports, valued at the distributor level.

Imports account for a large proportion of the total Canadian supply of photographic equipment. Table 7-2 illustrates the growth of the share of total imports represented by photocopiers and parts and microfilm and blueprint equipment and parts; most of the growth of imports of the latter would be represented by increased imports of microfilm equipment and parts, as indicated by Table 7-1. Between 1966 and 1971, Canadian imports of photocopy equipment and parts increased at an annual average rate of over 17 per cent and those of microfilm and blueprint equipment and parts at a rate of over 15 per cent.

Table 7-2: Share of Total Imports of Photographic Equipment Represented by Photocopy Equipment and Parts and Microfilm Equipment and Parts, 1966-72

	Photocopy Equipment and Parts	Microfilm ^(a) Equipment and Parts - \$'000	Total Imports of Photographic Equipment	Per Cent of Total Imports	
				Photocopy	Microfilm
				- per cent -	-
1966	16,856	2,211	54,964	30.7	4.0
1967	27,981	1,887	75,946	36.8	2.5
1968	23,804	1,377	69,776	34.1	2.0
1969	25,260	2,634	82,538	30.6	3.2
1970	31,354	2,859	85,107	36.8	3.4
1971	37,984	4,033	97,548	38.9	4.1
1972	51,885	5,326	126,421	41.0	4.2
1972 as p.c. of 1966	307.8	240.9	230.0	-	-

(a) Prior to 1970 includes blueprint equipment and parts; excludes microfilm cameras, readers and viewers

Source: Statistics Canada

Imports

The growth in Canadian imports of photocopy, microfilm and blueprint equipment is illustrated in Table 7-1. Imports more than quadrupled in value between 1964 and 1972, from less than \$14 million to \$58 million. Imports in 1971 were 20 per cent higher than in 1970, and in 1972 were 36 per cent higher than in 1971.

In 1971, imports of photocopy, microfilm and blueprint equipment accounted for about 45 per cent of all imports of photographic equipment under tariff items specifically referred to the Board; imports of photocopy equipment and parts, alone, constituted about 40 per cent of the total in 1970, 1971 and 1972.

The United States supplies more than 90 per cent of the total imports; the balance comes from Japan and Western European countries. Almost all imports are entered under the M.F.N. Tariff.

Almost all imports of photocopiers and parts, and, of blueprint equipment and parts, are entered duty-free, principally under tariff item 46240-1. Approximately half the imports of microfilm equipment are duty-free, mainly under tariff item 46240-1 and 46241-1; the balance is dutiable under such items as 46200-1, 46210-1 and 46300-1.

Table 7-3: Total Imports and Dutiable Imports of Photocopy, Blueprint and Microfilm Equipment and Parts, 1970 and 1971

Kind of(a) Equipment	1970			1971		
	Total	Dutiable	Per Cent	Total	Dutiable	Per Cent
	<u>Imports</u>	<u>Imports</u>	<u>Dutiable</u>	<u>Imports</u>	<u>Imports</u>	<u>Dutiable</u>
	- \$'000 -	-	of Total	- \$'000 -	-	of Total
			per cent			per cent
Photocopy	31,354	413	1.3	37,984	304	0.8
Blueprint,						
whiteprint	687	22	3.2	742	14	1.9
Microfilm	<u>2,859</u>	<u>1,392</u>	<u>48.7</u>	<u>4,033</u>	<u>2,090</u>	<u>51.8</u>
Total	34,900	1,827	5.2	42,758	2,408	5.6

(a) Including parts

Source: Statistics Canada

PHOTOCOPY EQUIPMENT

Description of the Goods

Photocopy equipment was originally introduced as a rapid and inexpensive means of copying documents. With the "information explosion" and the development of machines with new capabilities, such as copier-duplicators, models able to copy on both sides of a sheet of paper and those able to transmit photocopies by telephone, its uses have expanded very rapidly. The entry of the International Business Machines Corporation, the largest producer of computers, into the photocopier field, and that of Xerox Corporation, the major producer of photocopiers, into the computer industry, might be an illustration of the inter-relationship between these two operations.

The recent rapid rate of growth in the use of photocopy equipment, both in Canada and the United States, is expected to continue. Photocopy equipment will probably continue to constitute a very high proportion of the total Canadian demand for photographic equipment.

The Board was informed that there were nine photocopying processes in common use at the time of the hearing, four of which are sometimes referred to as wet processes and five as dry processes. The dry processes are: the transfer or indirect electrostatic (xerographic), the direct electrostatic, the dual spectrum (dry photography), the infra-red (thermofax), and the diazo; the wet processes are: the diffusion transfer, the dye transfer, the stabilization, and the heat transfer.

Three of the most common processes are described in the following terms in a federal government equipment guide:

- "DUAL-SPECTRUM" - A machine which transfers the image on the original by a light source at the time of contact with an intermediate (light-sensitive) paper. The intermediate paper and a coated copy paper are pressed together and heat transfers the latent image of the intermediate to the copy paper. The copy is then delivered to the receiving tray.
- "ELECTROSTATIC (Coated Paper)" - A machine which applies a uniform charge to a coated paper and then exposes the charged surface to the image of the original by projecting it through a lens system. The light areas are reflected off the original and these dissipate the static charge on the paper and leave a charged pattern of the original on the copy paper. The paper is sprinkled or passed through a bath of toner which has an opposite charge and adheres to the electrostatic image of the original. The image is fused or dried on the copy by the time it is removed from the stacking tray.
- "ELECTROSTATIC (Plain Paper)" - A machine which applies a uniform charge to an intermediate and then exposes the charged surface to the image of the original by projecting the image through a lens system. The light areas are reflected off the original and these dissipate the static charge on the intermediate in the same pattern. The remaining charge on the intermediate corresponds to the image of the original. The intermediate is sprinkled with an opposite charge toner powder that adheres to the charged area of the intermediate. A strong charge is applied to the plain paper. The black image on the intermediate transfers to the paper when they are brought together. The image is then fused to the copy before being placed in the receiver tray."

Several companies distribute photocopiers in Canada in a large variety of models designed for different applications and work loads. Perhaps the best known brand is Xerox, which uses the indirect electrostatic process. Technology and patents are an important factor in this field; Xerox was the only company using this process at the time of the hearing. At that time, Minnesota Mining & Manufacturing of Canada Ltd. was the only distributor of dual-spectrum process photocopiers. Other companies (including Addressograph-Multigraph, Apeco, Dennison, Dick, A.B., Ditto (Bell & Howell), Olivetti and Smith-Corona Marchant) distributed photocopiers which used the electrofax or direct electrostatic process.

The Canadian Market

Sales of photocopiers account for only a small part of the revenues of the Canadian importers and distributors; most of their revenues are derived from the distribution of photocopiers, principally on a rental or lease basis and from sales of paper, toners and similar supplies. In 1971, it was estimated that the gross revenue of the distributors amounted to more than \$150 million, about four times the total value of imports of photocopiers and parts, which amounted to \$38 million. In 1971, Xerox of Canada Limited was the major, if not the sole, distributor of machines using ordinary, uncoated paper. It has been estimated that Xerox realized \$104 million from copier rentals in 1971, nearly 70 per cent of the industry total, and an additional \$16 million from sales of supplies.

The dominant position of the parent company, the Xerox Corporation, in the American market has been underlined by the Federal Trade Commission's recent charge that Xerox has monopolized the \$1.7 billion per year office copier industry. The complaint drawn up by the Commission's staff states that the office copier market includes a sub-market in plain paper machines amounting to \$1 billion yearly; it further states that Xerox accounted for 95 per cent of all revenues generated by the sub-market, approximately 60 per cent of all revenues in the over-all office copier market and approximately 86 per cent of the revenues from the lease and sale of machines in the total market in 1971.

To obtain more details of the types of machines in use in Canada, the Board undertook a survey of the companies which import or distribute photocopiers in Canada, including Graphic Products of Canada. This survey indicated that the growth has been only in the use of dry processes. The survey also indicated the large variety of models available to users to meet their varying needs.

Table 7-4: Number of Models of Photocopiers Distributed
in Canada, by 17 Distributors, by Process,
1968 and 1970

	<u>1968</u> no. of models	<u>1970</u> no. of models
Electrostatic (direct and indirect)	30	54
Other dry processes	18	25
Total dry processes	48	79
Wet processes	<u>10</u>	<u>7</u>
Total number of models	58	86

Source: Tariff Board survey

The survey covered a large percentage of the machines distributed and confirmed the growing importance of the electrostatic processes. Between 1968 and 1970, electrostatic models increased from 58 to 64 per cent of the number of machines imported and accounted for a considerably higher percentage of the total value of imports. The figures for direct and indirect electrostatic models are combined because Xerox was the sole distributor of the indirect type; because of the dominant position of that company, other details cannot be published.

Most companies depend on lease or rental arrangements rather than on sales in distributing machines. The rapid rate of technological change was said to be the principal reason for this. The Tariff Board survey indicated that the value of the rented or leased machines far exceeded the value of machines sold annually; because of the dominant position of Xerox in the rental field, actual figures are confidential. The data suggest that sales tend to be of less expensive models.

When a machine is rented by a user, it remains the property of the importer-distributor. This is virtually the sole distribution system used by Xerox. Leased machines are sold to a leasing company which in turn rents it to the user. In either case, the machine is usually maintained and serviced by the importer-distributor.

The rent is usually based on a metered charge per copy or by including the rental fee of the machine in the cost of the sensitized paper supplied by the owner of the machine, who is also responsible for its repair, adjustment and servicing. Many machines are subject to a minimum monthly charge. A survey of the leading Canadian distributors indicated that a small user, making optimum use of a small capacity machine, generally incurs a cost of about 3.5 cents per copy; larger users pay as little as two cents, or less, per copy.

The Board also obtained information from several companies regarding comparable figures for costs per copy in Canada and the United States. In general, the cost to Canadian users was about 10 to 15 per cent higher than to Americans. Company spokesmen claimed that the higher cost in Canada was due to the federal sales tax on machines, paper and supplies, royalties payable to the parent companies, higher costs of distribution and servicing in Canada and higher overhead and head office costs per machine in Canada. While the first two reasons would undoubtedly increase costs, it is difficult, in view of the extent to which the population of Canada, and therefore the use of photocopy equipment, is concentrated in certain urban areas, to accept that distribution, servicing, overhead and head office costs are necessarily very much higher in this country. Costs per copy were compared because the prevalence of the lease or rental system in both countries makes it impossible to compare the costs of machines in the two countries.

The Board also sought to establish some measure of the number of photocopiers in use in Canada. In the seven years, 1966 to 1972, nearly 150,000 machines were imported. This figure includes the many machines returned to the Canadian subsidiaries after reconditioning in the United States and included in the import statistics on their return to Canada; reconditioning may involve replacement of as much as

90 per cent of the parts. Provided that the Canadian company has complied with the appropriate regulations, applicable duties or sales taxes are levied only on the fair market value of the repairs or improvements, although the full value of the machine must be declared for Customs purposes.

Imports

Imports of photocopiers have been recorded separately only since 1966 and indicate that the United States has been by far the largest supplier of the Canadian demand; imports from B.P. countries, all of which have originated in Britain, have been negligible. Other M.F.N. suppliers of the Canadian market include Japan, the E.E.C. countries and, in some years, Switzerland. There have been no imports from General Tariff countries. Most imports of higher-priced equipment have come from the United States; in the three years, 1969 to 1971, imports from that country accounted for 80 per cent of the number of units imported, but for 95 per cent of the value of imports.

Table 7-5: Imports of Photocopiers and Similar Office Machines and Parts, 1966-72

	<u>U.S.A.</u>	<u>Japan</u>	<u>E.E.C.</u> thousand units	<u>Others</u>	<u>Total</u>	% U.S.A. of Total per cent
1966	12.9	-	1.3	.2	14.4	89.6
1967	16.0	.2	.5	.5	17.2	93.0
1968	17.8	1.2	.7	.7	20.4	87.5
1969	16.9	2.8	2.6	.5	22.8	74.4
1970	18.5	3.0	.8	.3	22.7	81.6
1971	19.6	2.2	.6	.6	23.1	84.9
1972	20.1	2.9	4.2	.4	27.6	72.7
			million dollars			per cent
1966	16.7	-	.1	..	16.9	99.0
1967	27.7	.1	.1	.1	28.0	99.0
1968	23.1	.4	.1	.1	23.8	97.1
1969	23.7	1.2	.3	.1	25.3	93.9
1970	30.0	1.2	.1	.1	31.4	95.6
1971	36.4	.9	.4	.2	38.0	95.9
1972	49.1	1.8	.8	.2	51.9	94.7

Source: Statistics Canada

Tariff Considerations

Virtually all imports of photocopiers and parts, are entered duty-free, principally under the provisions for photographic printers and parts in tariff item 46240-1. Some enter duty-free when imported by institutions qualified to use tariff item 69605-1. The proportion of imports on which duty is levied has always been very small and would involve special cases.

Table 7-6: Total Imports and Dutiable Imports of
Photocopiers and Parts, 1966-72

<u>Year</u>	<u>Total Imports</u> -\$'000	<u>Dutiable Imports</u> -\$	<u>Per Cent Dutiable Imports of Total per cent</u>	<u>Average Rate on Dutiable Imports per cent</u>
1966	16,856	192	1.1	18.6
1967	27,981	563	2.0	13.6
1968	23,804	673	2.8	15.9
1969	25,260	319	1.3	15.2
1970	31,354	413	1.3	17.0
1971	37,984	304	0.8	13.1
1972	51,885	664	1.3	15.7

Source: Statistics Canada

At the public hearing, the major proposal respecting photocopiers was advanced by the photocopier group of the Canadian Business Equipment Manufacturers' Association (C.B.E.M.A.), which includes most of the major importers of such equipment. The group proposed a tariff item for photocopiers and parts, derived from heading 90.10, the appropriate heading of the B.T.N., to provide for the continuation of the existing rates of Free, B.P., Free, M.F.N. and 10 p.c., General; the proposed item also provided for accessories for use with photocopiers. There was virtually no opposition to this request.

The C.B.E.M.A. proposals would not materially alter the existing provisions for photocopiers and parts, but would extend free entry to accessories. Little information was given regarding the intended inclusions. In answer to a question regarding accessories, the spokesman for C.B.E.M.A. mentioned such products as dust covers, tables and stands, now dutiable according to their own nature. He also mentioned cutting edges and counting devices; these are not always entered as parts of photocopiers, under item 46240-1. It is probable that a provision for accessories, if implemented, would ensure classification under the proposed item of such products as collecting or collating attachments for photocopiers which, at present, are classified elsewhere. Some of the tariff items which now apply to the "accessories" of the proposed item are listed below; none of the items were specifically referred to the Board.

<u>Item</u>	<u>Brief Description</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
42700-1 ^(a)	Machinery, n.o.p.	2½ p.c.	15 p.c.	35 p.c.
44603-1	Manufactures of iron or steel	10 p.c.	17½ p.c.	35 p.c.
51901-1	Office furniture other than of metal	15 p.c.	20 p.c.	45 p.c.
51902-1	Metal office furniture	15 p.c.	17½ p.c.	45 p.c.
93907-1	Manufactures of plastics	15 p.c.	17½ p.c.	30 p.c.

(a) Goods imported under item 42700-1 are subject to the machinery duty remission programme

The principal argument advanced at the public hearing in support of continued free entry for photocopy equipment was based on the premise that the Canadian market was too small to support domestic production and, because Canadian production was unlikely, no tariff protection was needed. A related argument was that technological change was so rapid in this field that it compounded the difficulty of establishing domestic production of such equipment.

The representative of C.B.E.M.A., when asked why there was no Canadian production of photocopiers, replied:

"It is because the market is not large enough. It is also because the technological changes in the equipment that take place in this industry are so rapid that we just never keep up."

This statement was amplified further:

"I would say that in any new photocopying apparatus that is brought into the Canadian market, within a year there would be up to five or six technical changes within the machinery to make it work better. This is not uncommon."

Modifications are made to the machines to improve the quality of their performance, to increase their efficiency or to reduce the frequency of servicing. The Board has been advised that 13 modifications have been made on one model introduced into Canada in 1971; however, machinery of this model placed on the market late in 1972 would already incorporate these modifications. In any case, most modifications are minor and are carried out without removing the machine from the user's premises.

Given the dominant position of one supplier in the Canadian market, it seems unlikely that any other established supplier or a new entrant could establish a manufacturing operation unless it was able to cut into the Xerox share of the market. This would require a machine with innovations which would make it unique, e.g., whose cost per copy was significantly less than that of other machines. The new entrant would also have to have the resources to remain competitive in the face of rapid technological change.

The argument that the rate of technological change would preclude Canadian manufacture implies that no producer in Canada would have the capability of keeping up with developments in the industry. However, if Canadian production were undertaken by a subsidiary of an established manufacturer, the Canadian subsidiary would have access to its parent company's technology. As an importer, the subsidiary already has a service organization to maintain the imported machines and carry out modifications as required. Presumably, the subsidiary would retain the service organization already in existence, to service and modify, as necessary, both Canadian-made and imported machines.

The size and rapid growth of the Canadian market casts some doubt on the argument that this market is too small to support domestic manufacture. This argument assumes that there would be no particular model or line of related models for which the demand would

be sufficient to make Canadian production viable. It further assumes that a Canadian producer would be restricted to the Canadian market, either by the policies of a foreign parent or through foreign tariffs. To compete abroad, a Canadian producer would have to overcome a 5 p.c. tariff in the United States and a 7 p.c. tariff in the E.E.C. These rates of duty are not prohibitive although they would make exports more difficult.

The existing duty-free entry for photocopiers was not mentioned as a factor in the lack of Canadian production, but this may have been involved in the decisions of major suppliers. However, although the Canadian market appears sufficiently large to support the production of one or two popular models, it is probably too small to support the manufacture of a full line, taking into account the large number of models available in Canada (Table 7-4). A prospective producer would have to import other models to round out his line. In view of this, he would be unlikely to seek protection on the models produced in Canada, unless it could be granted in such a way as to ensure that those machines which would still have to be imported could be entered duty-free.

As noted earlier, Xerox of Canada Limited announced, in 1973, plans to commence Canadian production in 1974, as well as to recondition photocopiers in this country. This indicates that Canadian production has become viable, despite the obstacles which are discussed in the preceding paragraphs.

The photocopy industry generates considerable employment in Canada in the production of toners, coated papers and other supplies required by users, and in the distribution and servicing of imported machines. Additional employment could be created if more photocopiers were reconditioned in Canada instead of in the United States, even if Canadian manufacture were not undertaken at the same time.

If some protection were available, this might act as an incentive to the establishment of Canadian production, so long as the duty was not offset by potentially higher production costs. A duty of 15 p.c. would give a Canadian manufacturer an advantage of \$225 over an importer, on a machine valued at \$1,500. It is impossible to determine the extent to which such an advantage might be offset by shorter production runs or higher costs of parts or materials.

It is difficult to measure either the costs or benefits to the Canadian economy of possible protection on photocopiers. The direct and indirect benefits derived from protection and consequent Canadian production would include the effects on employment and the multiplier effects of such employment. However, the extent of the employment created would depend, in large part, on whether imported or Canadian-made parts were used in the Canadian operation.

The cost to the economy of protection on photocopiers would include the effect of the cost of the duty on costs of photocopying and the effects of higher costs on education, communication and other activities in which such equipment is used. In 1971, imports of photocopiers and parts were valued at \$38 million and even as low a rate of duty as 5 p.c. would have involved a cost of duty of about \$2 million in that year, a high cost to Canadian users in view of the probably continuing large imports of models which would not be available from Canadian production.

MICROFILM EQUIPMENTDescription of the Goods

Microfilm equipment is being used increasingly in Canada and the U.S.A. as a means of recording, storing, reproducing and disseminating information. The information explosion and the consequent demand for information in visual form has provided the impetus for the rapid expansion in the use of microfilm equipment. It has grown from a relatively simple record and storage business to an action-oriented information system. The development and improvement of computer-output microfilm equipment to reproduce computer data on microfilm at high speed, and the rapid growth of micro-publishing have been important factors in the increased use of microfilm techniques. In both cases, the use of microfilm permits rapid and economical reproduction of information in visual form, storage of data in very compact form and convenient retrieval of stored information by computer.

Microfilm equipment is used to record printed or written information on various formats of film in much reduced size, to process and to duplicate the film, and to project enlargements of the resultant tiny images onto a screen for viewing or for making a permanent record in enlarged form. Processed microfilm may be stored in the form of rolls enclosed in a magazine or a cartridge, in the form of camera or aperture cards, in microfilm jackets, or as microfiche.

Camera cards are index cards in which one or more frames of processed microfilm have been inserted for ease of reference; aperture cards are duplicates of camera cards, containing sensitized material on which the original microfilm is reproduced. "Microfiche" is a sheet of film, usually 4" x 6", on which up to 1,000 images may be recorded, although the standard forms contain either 72 or 98 images; each image on microfiche is equivalent to a page of print. Microfilm jackets, in sizes 3½" x 7¼", 4" x 6", or 5" x 8", are designed to hold several strips of roll film; when duplicated, they resemble microfiche.

As noted in Chapter 5, in the section of this report relating to slides and film strips, microfilm, particularly microfiche, is being used increasingly as a primary form of publication, either in conjunction with, or in place, of conventional printed matter. As a result, the use of microfilm viewing and reproducing equipment is growing both in commercial and educational institutions. Libraries use microfilm equipment to record, store and retrieve microfilms of books, newspapers and many other types of documents and reference material. The original microfilm is usually duplicated for use, the original microfilm being kept in safe storage.

New types of equipment are constantly being introduced. A very recent development is the introduction of a method of deleting and adding images on microfilm, thus enabling microfilm records to be up-dated without reproducing data which remain unchanged. The new process can make changes in 8½ seconds. Such new developments and improvements have broadened the market for microfilm equipment and contributed to the continued growth of the industry.

The use of computer output microfilm (COM) equipment to record computer output is growing in importance. It is used in conjunction with computer installations to store information in a very small space and will record visual computer output at a much faster rate than any other process. At present, a COM printout can accept computer output at about three frames per second, each frame corresponding to one fold or page of a mechanical printout on paper. The speed of three frames per second relates to a frame, or fold, which is completely covered with print. The full print area would not be utilized under normal operating conditions and, thus, a more usual operational speed of printout would be even higher, probably of the order of about five frames per second, or about five times the speed of the fastest printout on paper. A typical fast speed of printout on paper is 1200 lines per minute.

A further advantage of the use of COM equipment is that the photographically produced characters are subject to fewer defects and this makes electronic character recognition, for automatic reading, by a computer, more practical. Ultra-violet-sensitive, heat-developed, microfilm is now being used and processing occurs as the exposed film is fed to the take-up spool. Thus, the fully-processed film is available virtually as soon as the computer run is completed, in a form in which it can be checked and used, immediately.

Sales of microfilm equipment have increased rapidly in recent years and are expected to continue to do so in the years ahead. Suppliers forecast that sales in Canada in 1976 would be double those in 1970, while in the United States the growth rate is expected to be about 12 per cent per year between 1970 and 1975. Sales are increasingly of entire microfilm systems -- cameras, processing equipment, viewing equipment and hard copy printers installed and serviced by one company. As a result, it is anticipated that the business may become more and more concentrated in the hands of a few producers who are able to supply and service the entire range of needed equipment.

The Canadian Market

Until 1972, the entire Canadian market was served by imports. Although separate import statistics for microfilm equipment have been available only since 1970, the data suggest that imports trebled between 1967 and 1971. In 1972, Canadians imported microfilm equipment valued at \$5.3 million; the estimated cost of this equipment to users was between \$8.5 and \$9 million. Kodak Canada began to assemble microfiche readers late in 1972; the company's output would not materially alter the market estimate.

As noted, the Canadian market for microfilm equipment is expanding rapidly. The equipment suppliers estimated sales in Canada at between \$3 and \$5 million annually, at the time of the hearing and expected them to reach \$10 million, by 1976. As the market estimate above suggests, this forecast appears conservative. The film suppliers estimated the Canadian market for microfilm at that time, at \$11 to \$12 million annually and expected sales to reach \$25 to \$30 million, by 1976. In its submission to the Board, Kodak Canada indicated that its sales of microfilm had doubled between 1965 and 1969.

The Board also sought information from distributors concerning the division of the market between different microfilm systems. Reports of four major Canadian distributors to the Board indicated that microfilm roll was the most commonly used form; the other forms of microfilm have specialized uses (Table 7-10). For instance, an entire book may be copied on to a single microfiche and, therefore, this form is of special convenience to libraries; aperture cards are particularly useful for engineering drawings, because the punched card containing the microfilm can be easily retrieved. The increased uses of microfiche as a medium of publication would probably lead to a different percentage distribution in 1972, than is given in Table 7-7.

Table 7-7: Percentage Distribution of Sales of Microform Systems, by Kind and Firm, 1970

<u>Firm</u>	<u>Microfilm Rolls</u>	<u>Aperture Cards</u>	<u>Microfilm Jackets</u>	<u>Microfiche</u>	<u>Total</u>
		- per cent of total -			
A	35	25	15	25	100
B	5	95	-	-	100
C	80	10	5	5	100
D	60	10	20	10	100

Source: Tariff Board survey

Two firms supplied prices of five models of microfilm cameras sold in both the United States and Canada. On importation into Canada, these cameras would have been dutiable at 15 p.c., which, together with the 12 per cent federal sales tax would have added 28.8 per cent to the American price, exclusive of freight; Canadian prices of these models exceeded American prices by 24.4 to 30.0 per cent. The firms also supplied prices of reader-printers. Reader-printers are entered free of duty but are subject to the federal sales tax; two models were priced 18.3 per cent higher, and one model 13.1 per cent higher, in Canada than in the United States. These comparisons indicate that Canadian prices mainly reflect the cost of freight, the duty, where applicable, and the 12 per cent federal sales tax.

Microfilm equipment tends to be very expensive, although some simple viewers cost less than \$100. Prices of cameras quoted to the Board range upward from \$4,000 each and prices of reader-printers range between \$100 and \$4,000. Automatic and semi-automatic retrieval systems, for storage and use of microfilm, range in price between \$2,000 and \$200,000, depending upon capacity and the degree of sophistication of the features incorporated into the system. Some of the more expensive systems have a remote viewing capability.

Imports

Imports of microfilm equipment have been reported separately only since 1970. Prior to 1970, microfilm cameras were included in the statistics for cameras; microfilm readers and viewers were included with projection apparatus and parts; and other microfilm equipment was included in one statistical class, with blueprint and whiteprint equipment.

Table 7-8: Imports of Microfilm Equipment and Parts,^(a)
1966-72

Year	Total ^(b)				Total	U.S.A. as Per Cent of Total per cent
	<u>B.P.</u>	<u>U.S.A.</u>	<u>E.E.C.</u>	<u>Other</u>		
			\$'000			
1966	44	2,133	33	1	2,211	96.5
1967	38	1,773	70	7	1,887	94.0
1968	9	1,348	13	7	1,337	97.9
1969	38	2,566	24	6	2,634	97.4
1970	30	2,822	4	3	2,859	98.7
1971	351	3,662	8	11	4,033	90.8
1972	257	4,979	85	5	5,326	93.5

(a) 1966 to 1969, inclusive, includes blueprint equipment but excludes microfilm cameras, readers and viewers

(b) All from Britain, except \$4,000, in 1967, from Australia

Source: Statistics Canada

Imports of blueprint and whiteprint equipment amounted to about \$700,000 per year in 1970 and 1971; if this was also the case in earlier years, imports of microfilm equipment and parts included in the table ranged between \$0.6 million and \$2 million in the years 1966 to 1969. Another \$1 million should probably be added to these figures to allow for cameras, readers and viewers.

Even with their limitations, the figures reflect the very rapid growth, in recent years, of the Canadian market for microfilm equipment and the dominance of the United States as a supplier of the Canadian demand. The only other significant source of equipment has been Britain. Approximately 50 per cent of the value of imports of these goods appears to be entered duty-free, principally under tariff items 46240-1, 46241-1 and 69605-1.

Export statistics published by the American government provide somewhat more detail and report the value of exports of microfilm cameras, separately, but the American figures for "other equipment" do not include all microfilm readers.

Table 7-9: Microfilm Equipment and Parts, U.S. Exports to Canada, 1965-72

<u>Year</u>	<u>Cameras</u> ^(a)	<u>Other Equipment</u> ^(b)	<u>Total</u>
		- thousand dollars -	
1965	249	389	638
1966	267	668	935
1967	607	755	1,361
1968	481	937	1,418
1969	582	1,147	1,729
1970	739	1,035	1,774
1971	803	1,369	2,172
1972	818	1,648	2,466

(a) Microfilming cameras and parts, c.c. 8614032

(b) Microfilming equipment, parts, n.e.s., c.c. 8616930

Source: U.S. Department of Commerce, publication FT-410

Item 46241-1 is the only tariff item which applies solely to the microfilm equipment under consideration; it was created in 1967 to provide for microfilm reader-printers and parts thereof. The rapid increase in the value of imports under this item and their current substantial size is apparent from the Table 7-10; imports under the item more than trebled in the six year period, 1967 to 1972. Until 1972, the United States supplied almost the entire demand. In that year, imports from Britain amounted to \$234,000, about 23 per cent of the total.

Table 7-10: Imports of Microfilm Reader-printers and Parts Under Tariff Item 46241-1, 1967-72

	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
			- thousand dollars -			
Total	271 ^(a)	310	737	901	922	1,008
U.S.A.	257 ^(a)	310	731	876	900	761

(a) Estimates based on figures for period June 2 to December 31

Source: Statistics Canada

Tariff Considerations

Microfilm equipment and parts are classified under a number of tariff items and some are also imported duty-free by institutions qualifying to use tariff item 69605-1. According to information available to the Board, the following items have been held to relate to microfilm equipment and parts.

<u>Product</u>	<u>Tariff Item</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Microfilm cameras	46210-1 (a) 46215-1	5 p.c. Free	15 p.c. Free	30 p.c. 10 p.c.
Microfilm processing equipment	42700-1 ^{*(b)} 46240-1	2½ p.c. Free	15 p.c. Free	35 p.c. 10 p.c.
Microfilm reader-printers	46241-1	Free	Free	10 p.c.
Microfilm readers or viewers	46200-1 46300-1	2½ p.c. Free	15 p.c. 15 p.c.	30 p.c. 25 p.c.
Electrical controls	44524-1 [*]	15 p.c.	17½ p.c.	30 p.c.
Computer output microfilm units	46200-1 (c)	2½ p.c.	15 p.c.	30 p.c.
<u>Components of COM</u>				
Tape units	44538-1 [*]	10 p.c.	12½ p.c.	25 p.c.
Printers	44524-1	15 p.c.	17½ p.c.	30 p.c.
Hard-copy printers	46240-1	Free	Free	10 p.c.

* Not included specifically in Reference 147

- (a) Item 46215-1 could apply when the camera makes a negative or positive 3¼" by 4¼" or larger
- (b) Imports under tariff item 42700-1 are subject to the machinery duty remission program
- (c) This item is understood to apply to complete units; when separate components are involved, each is classified according to its nature

Approximately half the imports of microfilm equipment are duty-free, principally under tariff items 46240-1, 46241-1 and 69605-1. In the first two years for which imports of microfilm equipment were separately recorded, 1970 and 1971, 94.4 per cent of the imports were from M.F.N. countries, 5.5 per cent from B.P. countries, entirely from Britain and 0.1 per cent from the German Democratic Republic, entered under the General Tariff. Of the total imports, averaging \$3.45 million per year, some \$1.74 million or 50.5 per cent were dutiable and some 99.6 per cent of the dutiable imports were entered under the M.F.N. Tariff, the significant rate in relation to microfilm equipment. The average rate of duty on dutiable imports under the M.F.N. Tariff was approximately 15 per cent. Microfiche readers competitive with those now being assembled in Canada would be dutiable at 15 p.c., M.F.N., under either tariff item 46200-1 or 46300-1, both of which are understood to have been applied to such goods.

During the course of the public hearing, most of the proposals relating to microfilm equipment were consolidated into a single proposed item to cover all equipment, and parts thereof, used in capturing, processing, duplicating or viewing microfilm images. The rates proposed were Free, B.P., Free, M.F.N. and 10 p.c., General. The proposed item also included provision for accessories or attachments for use with the equipment, but no specific products were cited. Kodak Canada Ltd., which now assembles microfiche readers in Canada, concurred in this proposal.

Virtually the only argument submitted in support of the consolidated proposal covering microfilm equipment was that no duty should be levied as none of the equipment is produced in Canada. Kodak pointed out that a large part of the market is already served by duty-free equipment and claimed that "the microfilming industry will, in the years ahead, make significant contributions to the growth and development of Canada and potential equipment installations should be encouraged", presumably by lowering duties. Kodak Canada is a producer and distributor of microfilm equipment; it is also a major supplier of film used in conjunction with such equipment. Sales projections for 1976, given earlier, estimated the Canadian market for equipment at \$10 million and that for film at \$25 to \$30 million.

The statement that there is no Canadian production is no longer entirely true. However, only one of a wide range of products is being assembled here and it appears to be one of the least expensive and one for which there is a large and growing demand. While the sales of microfilm equipment, in Canada, are expected to reach \$10 million, by 1976, this very substantial amount will still cover a variety of cameras, processors, duplicators, readers, reader-printers and COM equipment. It seems likely that, in most instances, the demand for a particular model will remain limited.

In 1970 and 1971, the duties levied on imported microfilm equipment amounted to an average of \$266,000. With the addition of federal sales tax and the mark-up by importer-distributors, the duty would have added about \$400,000 to the cost of the equipment to the users, without, at that time, any compensating benefit to Canadian manufacturers. The indicated increase in imports in 1972 would suggest a much higher cost of the tariff in that year. No data are available about Kodak's assembly operation; the readers are assembled in the same facilities and by the same workers who make cameras and projectors.

Microfilm now occupies a position of considerable importance in many fields. Its applications have expanded rapidly in recent years and seem likely to continue to do so. It is important for Canadian industries, particularly those in technologically advanced areas, to be able to obtain microfilm equipment at a reasonable cost. Although increased use of microfilm equipment is anticipated, the market is still relatively small. Very little information is available regarding the market distribution of this equipment, but it appears that a small number of manufacturers are dominant in this field. In the United States, it has been forecast that a number of smaller companies are likely to be squeezed out of the production of microfilm equipment by the large producers who are able to supply and service complete installations. This tie-in between supply and service may also tend to limit the number of suppliers in Canada because of the small size of the market.

In the Brussels Nomenclature, most microfilm equipment is classified in heading 90.10, which provides for

"Apparatus and equipment of a kind used in photographic or cinematographic laboratories, not falling within any other heading of this Chapter; photo-copying apparatus (whether incorporating an optical system or of the contact type) and thermo-copying apparatus; screens for projectors."

However, microfilm cameras are classified with other photographic cameras in heading 90.07, and microfilm readers with single-stage magnification, whether or not subsidiarily used for photocopying the microfilms (microfilm reader-printers), are included with still picture projectors, as image projectors of heading 90.09.

The proposed item for microfilm equipment would provide for goods which would be classified in several headings of the B.T.N. and some may now be classified under tariff items not specifically referred to the Board. Some of the parts, accessories and attachments, provided for in the item proposed for microfilm equipment, may also already be covered in proposed items for cameras, projectors and processing or other equipment. It seems likely that the intended accessories would include such goods as special tables and storage cabinets for microfilm. Such products are now classified under the same tariff items as are cited in the discussion of accessories for photocopiers, which were not specifically included in the Reference.

Basically, microfilm equipment consists of cameras, readers and processing equipment designed for a specific, special application. If these were classified in the same item, as was proposed to the Board, the item would provide for different kinds of goods and would be in contradiction of the basic tariff structure of the B.T.N. The special cameras and readers, used in connection with microfilm, could be classified within more relevant separate items and could be provided for at different rates of duty from other cameras and projectors, within the structure of a classification designed to apply to many specialized forms of conventional and non-conventional photographic products, in addition to microfilm apparatus.

By providing for parts and accessories, and by adding carrying cases and containers, without also adding some modifying phrase such as "identifiable as being solely or principally for use with ...", the proposed item for microfilm equipment might provide for such products even though they were equally suitable for use in conjunction with other types of equipment; this would create problems of customs administration because the products might well be covered in two or more tariff items or, if imported separately from the microfilm equipment with which they are to be used, might not be readily identifiable as qualifying under the microfilm item.

BLUEPRINT EQUIPMENT

Description of the Goods

Blueprint, whiteprint and similar equipment is principally used in copying architects' and engineers' plans. Because of convenience of use and storage, blueprints and whiteprints are being replaced by microfilm; consequently the market for blueprint and whiteprint equipment is unlikely to grow and may be declining. Information acquired by the Board indicates that there is no Canadian production of such equipment.

The process of making blueprints is described as follows:

"Blue Prints. The most familiar process is that commonly used for copying architects' and engineers' drawings and plans to give ... copies of the same size as the original. An accurate tracing of the drawing is first made on a transparent or translucent paper or tissue. This is then placed on a sheet of sensitized paper with its back to the emulsion, and held in close contact with it by pressure. The sensitized paper is then exposed to light through the tracing and it receives an impression which may be visible and needs only to be fixed, or it may have to be developed. This depends upon the type of sensitized material used in the particular process ...

"The blue print process uses ferro-prussiate paper, which is of low sensitivity and so is exposed in a photo-printing machine having a powerful light source. By using a translucent intermediate negative master, a positive copy having blue lines on a white ground is obtained and special chemicals can be used to strengthen the density of the blue image. The blue print is sometimes preferred by engineers because it will stand rough handling in the workshop." (The Focal Encyclopaedia of Photography, New Desk Edition, 1970, p. 465)

White prints and brownprints are made by closely related processes.

Imports

Imports of blueprint and whiteprint equipment and parts have been recorded separately only since 1970; they were previously included with microfilm equipment and parts, in the same commodity class. Imports are principally from the United States; the only other significant supplier in the last three years was the Netherlands. Imports from countries entitled to the B.P. Tariff, all from Britain, are small and there were no imports from General Tariff countries.

Table 7-11: Imports of Blueprint and Whiteprint Equipment, 1970-72

<u>Year</u>	<u>B.P.</u>	<u>U.S.A.</u>	<u>Netherlands</u>	<u>Other</u>	<u>Total</u>	<u>U.S.A. as</u>
			<u>- \$'000 -</u>	<u>M.F.N.</u>		<u>Per Cent</u>
						<u>of Total</u>
						<u>per cent</u>
1970	3	670	5	9	687	97.6
1971	3	673	54	11	742	90.8
1972	11	778	66	2	857	90.8

Source: Statistics Canada.

Although imports have increased somewhat in the last two years, other information suggests that the trend is downward. In view of the very large percentages that United States exports constituted of the total in both 1970 and 1971, American export statistics were used to examine the trend of sales in the Canadian market, over a longer period than is possible with the Canadian data; the figures indicate a substantial decline in Canadian purchases of such equipment. This decline probably reflects the substitution of microfilm for blueprints.

Table 7-12: U.S. Exports to Canada of Blueprinting, Brownprinting and Whiteprinting Equipment and Parts, 1965-72

<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
			- \$Can. '000 -				
957	1,178	937	766	518	275	545	342

Source: U.S. Dept. of Commerce, publication FT-410, c.c. 8616925

Tariff Considerations

Virtually all imports of blueprint and whiteprint equipment are entered duty-free, principally under tariff item 46240-1, which covers photographic processing equipment including photographic printers; dutiable imports were valued at less than \$25,000 in both 1970 and 1971, three per cent and two per cent, respectively, of the total imports. Information available to the Board indicates that some of these dutiable imports were entered under the tariff items providing for cameras.

The proposals to the Board made no specific provision for blueprint and whiteprint equipment and there was no discussion of these products at the public hearing. As in the Canadian Customs Tariff, such equipment is covered by the photographic schedule of the B.T.N. and would fall principally under heading 90.10, which provides for processing equipment. The dutiable imports, referred to above, would presumably be covered by heading 90.07 of the B.T.N., applicable to still picture cameras.

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CHAPTER 8: GENERAL TARIFF CONSIDERATIONS

INTRODUCTION

In the preceding Chapters of this Report, tariff questions relating to individual products or groups of products have been considered. This Chapter deals with certain tariff and related issues relevant to the Reference as a whole, including such matters as margins of preference, the appropriate form of and the problems relating to the tariff classification and nomenclature to be adopted, and the effect of the existing tariffs and the probable impact of the proposed tariff changes on the many groups of Canadians whose activities are associated with photographic equipment: manufacturers; professional still and motion picture photographers; firms concerned with photographic processing and finishing; amateur photographers; importers and distributors, and retailers, of photographic equipment.

By way of introduction to this Chapter, Table 8-1 sets out the total imports of photographic equipment showing the values and percentages of imports on which duty was paid and the amount of duty collected. In order to distinguish between conventional and non-conventional equipment, this table is based on imports by commodity class rather than by tariff item.

Table 8-1: Summary of Imports of Photographic Equipment, Annual Averages, 1969-71

	B.P.	M.F.N.	General	All Countries
<u>Total Imports</u>	- \$ million, value for duty -			
Conventional	2.0	49.2	0.2	51.3
Non-conventional(a)	<u>0.2</u>	<u>35.0</u>	<u>*</u>	<u>35.2</u>
Total photographic equipment	2.1	84.2	0.2	86.5
<u>Dutiable Imports</u>				
Conventional	0.8	30.6	0.2	31.6
Non-conventional(a)	<u>*</u>	<u>1.7</u>	<u>*</u>	<u>1.7</u>
Total photographic equipment	0.8	32.3	0.2	33.3
<u>Dutiable Imports as Percentage of Total Imports - per cent -</u>				
Conventional	41.3	62.1	99.6	61.5
Non-conventional(a)	<u>2.9</u>	<u>4.9</u>	<u>66.7</u>	<u>4.8</u>
Total photographic equipment	38.2	38.3	98.9	38.4
<u>Duty Collected</u>	- \$ million -			
Conventional	0.1	4.3	0.1	4.4
Non-conventional(a)	<u>*</u>	<u>0.3</u>	<u>*</u>	<u>0.3</u>
Total photographic equipment	0.1	4.6	0.1	4.7
<u>Duty Collected as Percentage of Dutiable Imports - per cent -</u>				
Conventional	8.1	14.1	29.5	14.0
Non-conventional(a)	<u>7.1</u>	<u>15.2</u>	<u>25.0</u>	<u>15.2</u>
Total photographic equipment	8.1	14.1	29.5	14.1

(a) Photocopy, microfilm and blueprint equipment

Source: Derived from Statistics Canada data

Of the total imports, \$33.3 million or 38.4 per cent were dutiable. If photocopiers, microfilm and blueprint equipment are excluded, 61.5 per cent of imports were subject to duty, made up of 62.1 per cent of imports from M.F.N. countries, 41.3 per cent from B.P. countries and 99.6 per cent from General Tariff sources. Imports from M.F.N. countries constituted 97.3 per cent of all the imports recorded in Table 8-1 and 95.8 per cent of imports of conventional equipment.

The weighted average rates of duty on dutiable imports were 8.1 p.c., B.P., 14.1 p.c., M.F.N. and 29.5 p.c., General. The average rate of duty on M.F.N. imports reflects the very high proportion of dutiable imports entered at the 15 p.c. rate applicable to cameras under tariff items 46205-1 and 46210-1, projectors under tariff items 46300-1, 46305-1 and 46310-1, and to unspecified photographic equipment under tariff item 46200-1.

MARGINS OF PREFERENCE

Under ten of the twenty tariff items specifically referred to the Board, countries entitled to the benefits of the British Preferential Tariff have a margin of preference over M.F.N. countries. In all twenty items, the M.F.N. rate is lower than the General rate.

Table 8-2: Imports under Tariff Items Specifically Referred to the Board, by Tariff Applicable to Country of Origin

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>	<u>Total</u>
	- \$'000 -			
Annual Average 1969-71	2,099	82,958	175	85,231
1972	5,817	115,341	536	121,694
	- per cent of total -			
Annual Average 1969-71	2.5	97.3	0.2	100.0
1972	4.8	94.8	0.4	100.0

Derived from Statistics Canada data

Margins of preference granted to B.P. countries vary from zero to 15 percentage points. As indicated in Table 8-3, more than 70 per cent of imports from B.P. countries enjoy a margin of preference of at least 10 percentage points. These imports consist predominantly of still picture cameras from Britain and of slide projectors from Australia. In 1972, Australia provided 23 per cent, by volume, of the total imports of still picture projectors (excluding overhead projectors), as opposed to 14 per cent in 1969-71.

Table 8-3: British Preferential Margins and Imports from
B.P. Countries

Margin of Preference (percentage points under M.F.N. rate)	No. of Tariff Items	Imports		Per Cent of Total Imports from B.P. Countries at Various B.P. Margins	
		Annual Average		Annual Average	
		<u>1969-71</u>	<u>1972</u>	<u>1969-71</u>	<u>1972</u>
		- \$'000 -			
None	10	422.6	796	20.1	13.7
5	1	0.7	62	.03	1.1
7½	3	178.0	319	8.5	5.5
10	3	491.0	3,469	23.4	59.6
12½	1	126.0	277	6.0	4.8
15	2	880.3	893	41.9	15.3
Total	20	2,098.6	5,817	100.0	100.0

Source: Derived from Statistics Canada data

Total imports from B.P. countries averaged \$2.1 million, 1969 to 1971. Most of these B.P. imports originated in Britain (\$1.6 million); most of the remainder (\$0.5 million) came from Australia. In 1972, imports from B.P. countries amounted to \$5.8 million; Britain supplied \$4.8 million, Australia \$0.7 million and other B.P. countries \$0.3 million, almost entirely from Singapore. Thus, should British goods become subject to the M.F.N. Tariff (as a result of Britain's entry into the European Economic Community and the consequent loss of Commonwealth Preference on Canadian goods entering Britain), the B.P. Tariff would, in the aggregate, be much less significant in relation to imports of photographic equipment.

The sole Canadian distributor of Australian equipment, Hanimex (Canada) Limited, urged the retention of preferential margins, to encourage trade between the two countries in the spirit of the Canada-Australia Trade Agreement. Some of its proposals would, in fact, increase the margins of preference; such increases would contravene G.A.T.T. The bilateral agreement makes no specific mention of rates on photographic equipment, nor does it bind the existing margin of preference.

In support of its proposal, Hanimex cited the historic imbalance of trade between the two countries, in Canada's favour. In 1972, Canada's total imports from Australia exceeded exports and re-exports to that country by about \$37 million. However, it is understood that this was the first time that the balance was in Australia's favour.

As noted in Table 8-2, imports from countries whose goods are classified under the General Tariff have accounted for less than one half of one per cent of the total; all of these came from the German Democratic Republic (GDR). Imports of still picture cameras

and accessory lenses constituted 95 per cent or more of the imports and were cleared under tariff items with a margin of 15 percentage points between the M.F.N. and General rates of duty.

Table 8-4: Imports from General Tariff Countries (GDR) at Various Tariff Margins, 1969-71 and 1972

Margin (percentage points over M.F.N. rates) in Percentage Points	No. of Tariff Items	<u>Imports from the GDR</u>		Annual Average	
		Annual Average		Annual Average	
		1969-71	1972	1969-71	1972
		- \$'000 -		% of total	
7½	1	..	..	..	..
10	6	6.6	7	3.8	1.3
15	6	167.0	529	95.6	98.7
20	2	..	..	..	..
22½	2	..	..	..	..
25	1	..	..	..	..
27½	1	1.0	..	0.6	..
30	1	..	..	..	..
Total	20	174.6	536	100.0	100.0

Source: Derived from Statistics Canada data

Representations were received from W. Carsen Co. Ltd. which claimed to be the sole importer of photographic equipment coming from the GDR. This importer urged that any reductions in the M.F.N. Tariff be accompanied by corresponding reductions in the rates under the General Tariff in order that its competitive position not be altered. It is perfectly true that reductions in the M.F.N. rates, without reductions in the General rates, would affect the competitive position of this importer. If the recent diplomatic recognition of the GDR should eventually be followed by a trade agreement between the two countries, it would be expected that photographic equipment entered from the GDR would be entered at the M.F.N. rates.

CLASSIFICATION AND NOMENCLATURE -- THE B.T.N.

In the existing Customs Tariff, there are a number of tariff items which specifically provide for photographic equipment, by name. Other photographic equipment, if not more specifically described elsewhere in the Customs Tariff, is classified under tariff item 46200-1, the residual or basket item of the photographic equipment schedule. Some products used in, or in connection with, photographic equipment, such as fasteners, fitted cases and wrist straps, are classified in other items according to their own material or nature. These other items frequently provide for higher rates of duty than the tariff items which specifically provide for photographic equipment, by name.

The wording of the tariff items of the existing photographic schedule has been virtually unchanged for many years. During this time, technological advances have led to the development of a large

number of new products, many of which are not specifically provided for by the existing tariff items and, therefore, have been classified under residual items.

While a number of proposals were placed before the Board at the public hearing, only those of the C.P.T.A. and Berkey Photo (Canada) Limited, attempted to cover all the products within the scope of the Reference; the Bell & Howell proposals, while differing in some of the rates proposed, used basically the nomenclature of the C.P.T.A. proposal and the differences in wording were reconciled during the course of the hearing. Kodak Canada's proposal related only to products of interest to the company; however, after discussion, Kodak accepted the entire C.P.T.A. nomenclature.

The C.P.T.A. proposals, in their final form, comprised 43 tariff items derived from the "Nomenclature for the Classification of Goods in Customs Tariffs", commonly known as the Brussels Tariff Nomenclature (B.T.N.). The proposed items did not use the actual Headings of the Nomenclature, but consisted of fairly detailed lists of products, many, but not all, of which would be classified under the corresponding Headings of Chapter 90 of the B.T.N., the chapter designed to include photographic equipment.

The B.T.N. is intended to cover all goods normally traded in international commerce. It is the basis of the Customs Tariffs of most of the major trading nations of the world; the principal exceptions are Canada, the United States and the state-trading countries. The Nomenclature is published by the Customs Co-operation Council, in Brussels, of which Canada is a member. The Council and its committees are responsible for the revision of the Nomenclature and related publications, as required; they also assist national customs administrations in the interpretation and application of the B.T.N.

In the B.T.N., goods are grouped into 21 Sections which are divided into 99 Chapters which, in turn, are subdivided into a large number of Headings. The B.T.N. does not attempt to specify all individual products by name, and, in each Chapter, there is usually a residual Heading to provide for products which would be difficult to classify under the more specific Headings of a Chapter. These residual Headings are similar, in concept, to the basket items in the Canadian Customs Tariff. The classification of individual products is affected by the application of "Section Notes" and "Chapter Notes", which form an integral part of the B.T.N. system and may lead either to the inclusion or exclusion of goods from specific Sections, Chapters or Headings. Further, there are four general "Rules for the Interpretation of the Nomenclature" which are to be used when classification cannot be effected through the wordings of the Headings and the Section Notes and Chapter Notes.

In addition to the Nomenclature itself, the Customs Co-operation Council publishes the "Explanatory Notes to the Brussels Nomenclature". These Notes explain, in some detail, the coverage of each Section, Chapter and Heading and give numerous examples of products classified in the various Headings, particularly for products which may pose problems of classification; they also illustrate the application of the Section Notes and Chapter Notes. The Explanatory Notes constitute a valuable aid to the determination of the Heading

appropriate to a particular product. The Council publishes also a "Compendium of Classification Opinions" which contains agreed opinions regarding the appropriate classification of particular products, to ensure the uniform application of the Brussels Nomenclature internationally.

Chapter 90 of the B.T.N., forms part of Section XVIII; it provides for "Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; parts thereof". The Headings most relevant to this Reference are as follows:

- 90.01 -- Lenses, prisms, mirrors and other optical elements, of any material, unmounted, other than such elements of glass not optically worked; sheets or plates, of polarising material.
- 90.02 -- Lenses, prisms, mirrors and other optical elements, of any material, mounted, being parts of or fittings for instruments or apparatus, other than such elements of glass not optically worked.
- 90.07 -- Photographic cameras; photographic flashlight apparatus.
- 90.08 -- Cinematographic cameras, projectors, sound recorders and sound reproducers; any combination of these articles.
- 90.09 -- Image projectors (other than cinematographic projectors); photographic (except cinematographic) enlargers and reducers.
- 90.10 -- Apparatus and equipment of a kind used in photographic or cinematographic laboratories, not falling within any other heading in this Chapter; photo-copying apparatus (whether incorporating an optical system or of the contact type) and thermo-copying apparatus; screens for projectors.
- 90.13 -- Optical appliances and instruments (but not including lighting appliances other than searchlights or spotlights), not falling within any other heading of this Chapter.
- 90.14 -- Surveying (including photogrammetrical surveying), hydrographic, navigational, meteorological, hydrological and geophysical instruments; compasses, rangefinders.
- 90.25 -- Instruments and apparatus for physical or chemical analysis (such as polarimeters, refractometers, spectrometers, gas analysis apparatus); instruments and apparatus for measuring or checking viscosity, porosity, expansion, surface tension or the like (such as viscometers, porosimeters, expansion meters); instruments and apparatus for measuring or checking quantities of heat, light or sound (such as photometers (including exposure meters), calorimeters); microtomes.

It should be noted that Headings 90.01, 90.02, 90.07, 90.08, 90.09, 90.10, 90.14 and 90.25, cited above, clearly provide for photographic equipment and related products, but these are not the only Headings of Chapter 90 which apply to goods now imported under tariff items specifically referred to the Board. In addition to Chapter 90,

Headings from many other Chapters are applicable, particularly to such goods as sound equipment, lighting equipment other than flash equipment, and types of processing equipment similar to products used for other purposes.

It should also be noted that Heading 90.13 is the residual, or basket, Heading of Chapter 90. Classification of goods in Heading 90.25 is affected by a Chapter 90 Note which directs that products described in Heading 90.25 are to be classified in Heading 90.28 if their operation depends on an electrical phenomenon which varies according to the factor to be ascertained, or is automatically controlled; Heading 90.28 covers "Electrical measuring, checking, analysing or automatically controlling instruments and apparatus."

The relevant Headings of Chapter 90 make no mention of accessories, attachments or parts for the products; classification of these is effected by Chapter Note 2, which is reproduced below along with some of the other more relevant Notes of Chapter 90:

Note 1. This Chapter does not cover:

- (c) Glass mirrors, not optically worked, falling within heading No. 70.09, and mirrors of base metal or of precious metal, not being optical elements, falling within heading No. 83.12 or Chapter 71;
- (e) Parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV) or similar goods of artificial plastic materials (which are generally classified in heading No. 39.07);
- (h) Cinematographic sound recorders, reproducers and re-recorders, operating solely by a magnetic process (heading No. 92.11); magnetic sound-heads (heading No. 92.13);
- (1) Spools, reels or similar supports (which are to be classified according to their constituent material, for example, in heading No. 39.07 or Section XV).

Note 2. Subject to Note 1 above, parts or accessories which are suitable for use solely or principally with machines, appliances, instruments or apparatus falling within any heading of this Chapter are to be classified as follows:

- (a) Parts or accessories constituting in themselves machines, appliances, instruments or apparatus (including optical elements of heading No. 90.01 or 90.02) of any particular heading of the present Chapter or of Chapter 84, 85 or 91 (other than headings Nos. 84.65 and 85.28) are to be classified in that heading;
- (b) Other parts or accessories are to be classified in heading No. 90.29 if they answer to the terms of that heading; otherwise they are to be classified in the heading appropriate to the machine, appliance, instrument or apparatus itself.

Note 6. Cases, boxes and similar containers imported with articles of this Chapter are to be classified with such articles if they are of a kind normally sold therewith. Cases, boxes and similar containers imported separately are to be classified under their appropriate headings.

While the Headings and Notes cited above are those most relevant to this Reference, the Board has found that, in fact, more than 40 Headings, from at least 15 different Chapters of the B.T.N., are applicable to the goods it has had to consider. In some instances, only one or two products fall under such Headings; the coverage of these Headings extends far beyond the Board's terms of reference.

Nothing precludes any country using the B.T.N. from subdividing any Heading for the purpose of applying different rates of duties to different products of the Heading, or for statistical purposes. However, in subdividing a Heading, it is not, of course, the practice to make provision for goods covered by other Headings or to exclude any products intended to be covered by the Heading being subdivided. Such action would require revisions of and additions to both the Chapter Notes and the Explanatory Notes to the B.T.N. and might make their use impossible, thus impairing the usefulness of the B.T.N. in providing a widely accepted, uniform system of classification of the goods entering international trade for customs and statistical reporting purposes.

An example of how Headings may be subdivided for rate purposes can be found in the Customs Tariff of the E.E.C.:

Extract from the Customs Tariff of the E.E.C.

		Rate in <u>per cent</u>
"90.07	Photographic cameras; photographic flashlight apparatus:	
	A. Photographic cameras	13
	B. Photographic flashlight apparatus	8
90.08	Cinematographic cameras, projectors, sound recorders and sound reproducers; any combination of these articles:	
	A. Cameras and sound recorders, combined or not...	10
	B. Projectors and sound reproducers, combined or not	11
90.09	Image projectors (other than cinematographic projectors); photographic (except cinematographic) enlargers and reducers	10.5"

The Customs Tariff of Britain, as constituted prior to Britain's entry into the E.E.C., illustrates the extent to which subheadings can be introduced to provide for different rates of duty or to obtain more detailed statistics. It is important to note that the subheadings are intended to be used to provide for more detail and not to make provision for goods classified in other Headings of the B.T.N.

Extract from the Customs Tariff of Great Britain

	<u>Code Number</u>	<u>Rate of Duty</u>	
		<u>Full</u>	<u>B.P.</u>
"90.07 Photographic Cameras; Photographic Flashlight Apparatus:			
A. Photographic cameras:		20%	Free
Microfilm cameras --			
For film of 35 millimetres			
width or less			
Other			
Other --			
For film of 35 millimetres			
width or less			
Other			
Parts and accessories			
B. Photographic flashlight apparatus; tripods and other stands for articles of this heading; pistol grips for cameras of this heading		10%	Free
90.09 Image projectors (other than cinematographic projectors); photographic (except cinematographic) enlargers and reducers:			
A. Tripods and other stands for image projectors		10%	Free
B. Other		20%	Free
Microfilm reader printers and enlarger printers			
Other projectors, readers and viewers --			
For unperforated microfilm			
Other			
Other enlargers and reducers			
Parts and accessories"			

The Japanese Customs Tariff also provides examples of how Headings can be subdivided. Heading 90.10 relates broadly to

processing equipment, photocopiers and screens. In the Japanese Tariff (1972), it appears as follows:

	<u>Gen. Rate</u>	<u>GATT Rate</u>	<u>Prefer- ential Rate</u>	<u>Tempo- rary Rate</u>
"90.10 Apparatus and equipment of a kind used in photographic and cinematographic laboratories, not falling within any other heading in this Chapter; photocopying apparatus (whether incorporating an optical system or of the contact type) and thermo-copying apparatus; screens and projectors:				
1. Apparatus and equipment, photographic and cinematographic, of a kind used for developing, printing and other treatment of sensitized materials; parts and accessories thereof	20 p.c.	10 p.c.	Free	5 p.c.
- Apparatus and equipment, used for developing, printing and other treatment of sensitized materials				
- Parts and accessories				
2. Other	15 p.c.		Free	5 p.c.
- Contact type photocopying apparatus		10 p.c.		
- Optical system photocopying apparatus, n.e.s., and thermo-copying apparatus		7.5 p.c.		
- Parts and accessories, of optical system photocopying apparatus other than contact type and thermo-copying apparatus		7.5 p.c.		
- Screens for projectors		10 p.c.		
- Parts and accessories, n.e.s.		10 p.c."		

The "Section Notes" and "Chapter Notes" and "Rules for the Interpretation of the Nomenclature" of the B.T.N. are an integral part of the E.E.C., British and Japanese Customs Tariffs and, indeed, of the Customs Tariffs of each country which has formally adopted the B.T.N. The Rules and Notes indicate what goods are excluded from each Heading and also what goods are included. With certain exclusions specified in the Notes, parts or accessories suitable for use solely or principally with the apparatus falling within Headings 90.07, 90.08, 90.09 and 90.10, are classified with that apparatus. The exclusions apply to optical elements classified in Headings 90.01 and 90.02 and also to parts or accessories which in themselves constitute articles falling within other Headings of Chapter 90 and certain other Chapters. Thus, a photographic camera falls in Heading 90.07 even if it is of a kind designed for use with another instrument, such as a microscope or a stroboscope; it would not be classified as a part or accessory of a microscope or stroboscope.

The above illustrations suggest how closely the Headings of the B.T.N. are integrated with the Rules and Notes. The examples given also indicate that the Rules and Notes make it unnecessary to specify those details of inclusion or exclusion in the Headings themselves.

Proposals Regarding Tariff Structure

There was no disagreement at the public hearing regarding the desirability of using the B.T.N. as a basis for a tariff schedule relating to photographic equipment. The now, almost universal acceptance of this nomenclature for the customs tariffs of the world's trading countries and the existence of the interpretations contained in the "Explanatory Notes" which are inseparable from the nomenclature and are equally widely known and accepted, were put forward as the major reasons for the adoption of the B.T.N. in drafting a new Canadian photographic tariff schedule.

In contrast to the relatively simple Headings of the B.T.N., and to the subheadings cited above, the C.P.T.A. proposed a very complex schedule in which the Headings themselves were not used but rather lists of individual products were specified by name. In addition to the large numbers of products and accessories specifically named, each item which provided for cameras and projectors contained a provision for "Parts, accessories and/or attachments, carrying cases and containers for all the foregoing." In doing so, the Association, to some extent, was incorporating Chapter Notes and Explanatory Notes into the items and was providing for some equipment under Headings which, in the B.T.N., would be classified under other Headings. For example, lighting equipment other than the flash apparatus of Heading 90.07 is not considered to be accessories in the B.T.N.; in the C.P.T.A. proposals such goods were listed as camera accessories. Within the listings of accessories and processing equipment themselves, many products were included which are classified elsewhere in the B.T.N., for example, the videotape recorders of Heading 92.11, the colour analysers, densitometers and sensitometers of Headings 90.25 or 90.28 and the dollies of Headings 84.22 or 87.14.

All named accessories are, of course, covered also by the provisions for accessories in the items relating to cameras and projectors. More serious, from the point of view of classification, is the provision for unspecified accessories and, more particularly, for parts, in each of the camera or projector items. For example, two items were proposed to provide for 8 mm. motion picture cameras, the first for cameras without provision for sound and the other for cameras "with sound recording facility"; each of them provided for parts, accessories, and so on. Many parts, accessories and attachments which were not involved with the sound recording capabilities of the cameras would be identical or interchangeable, yet the Association proposed an M.F.N. rate of 10 p.c. for the first item and $7\frac{1}{2}$ p.c. for the second. A customs officer would find it virtually impossible to differentiate between such parts, accessories or attachments which, in the proposals, would be subject to different rates of duty.

The complexity of the schedule proposed by the C.P.T.A. arises from the objectives it sought to achieve and the means by which it sought to do so; in some instances, both rates and nomenclature were involved: the Association wished to eliminate as many products as possible from classification in any basket item which might be retained, to differentiate between products used in professional photography and those used by amateurs and also to make provision for goods competitive with Canadian products separately from those not competitive.

In order to minimize the number of products which might be classified in a residual item, the proposed schedule listed in detail the various kinds of accessories, attachments and processing equipment used in photography and grouped them according to their use. The provisions for such goods in the British and Japanese Tariffs already cited, indicate how such detail can be eliminated or minimized.

As regards the nomenclature used in the Tariff Schedules of the United States, Sub-part F of Part 2 of Schedule 7 provides for Photographic Equipment and Supplies. This sub-part includes cameras, projectors, processing equipment, flash-lighting equipment and a number of named accessories. In most cases, there is also provision for parts. Photographic lenses, lighting equipment, photocopiers and unnamed accessories which are not considered to be camera parts are classified elsewhere in the Tariff Schedules. Many of the provisions, such as those for cameras, projectors and processing equipment are subdivided for rate or statistical purposes. Unlike the Canadian Tariff, there is no single residual item in the United States photographic schedule, so that products which are not named in this sub-part or elsewhere in the Tariff Schedules must be classified under other residual items.

The existing Canadian tariff items distinguish between professional and amateur equipment in respect of still cameras and also in respect of motion picture cameras, sound equipment, certain editing equipment and a few other products used in motion picture production. For still cameras, the distinction is based on film size, with cameras designed to produce negatives or positives, $3\frac{1}{4}$ " by $4\frac{1}{4}$ " or larger considered to be professional equipment free of duty under the B.P. and M.F.N. Tariffs. For the other goods, noted above, free entry is restricted to products imported for use by "professional producers having studios in Canada equipped for motion picture production."

Technological developments in both fields have rendered these distinctions obsolete. Professional still photographers are increasingly using smaller format cameras designed for the same film sizes as the cameras used by hobbyists. Also, most motion picture producers no longer have their own studios; to a considerable extent, they shoot on location, rent studios as required, and have processing, editing and the addition of sound or special effects done by firms or individuals specializing in these fields.

Only in the case of still and motion picture cameras and related lenses did the C.P.T.A. seek to establish distinctions based solely on the probable user. For the existing criteria, it proposed the substitution of the widths of film with which the cameras would be used. These proposals are discussed in detail in the relevant Chapters of this Report. The proposed distinctions, based on film size, would deny free entry to still picture cameras designed to use 35 mm. film, yet this is probably the type of camera now most used by professional still picture photographers. The use of 8 mm. motion picture cameras by professional producers is a more recent development; producers with studios can now import these duty-free under tariff item 46220-1, but would lose this privilege under the C.P.T.A. proposals.

The C.P.T.A. proposals also raised the more general point as to whether differentiations should be made between products on the basis of whether or not they were deemed to be "of a class or kind made in Canada". In the existing photographic schedule, this distinction is specifically made only in relation to cameras, with tariff item 46205-1 applicable to cameras of a class or kind made in Canada, and item 46210-1 to cameras of a class or kind not made in Canada. Since June 1969, the M.F.N. rates under both items have been the same.

None of the proposals placed before the Board, except that of Berkey Photo, used either of the phrases "class or kind made in Canada" or "class or kind not made in Canada". Nonetheless, the C.P.T.A., in its proposals, sought to identify goods which were deemed to be competitive with those produced in Canada. It sought to achieve its objective by the use of separate items, with different rates, where it seemed appropriate. For example, it proposed that slide magazines, which are made in Canada, be provided for separately from other projection accessories, most of which are not made in Canada, with duty applicable to the former and free entry being provided for the other named accessories. The electronic flash equipment of the kind then produced in Canada by Berkey Photo was also provided for in a separate item, with higher rates of duty than those of the item proposed for portable electronic flash equipment which is not made in Canada.

In so far as cameras and projectors are concerned, the C.P.T.A. had two parallel objectives: to distinguish equipment designed primarily for professional use from that designed mainly for the hobbyist and to distinguish between equipment of a class or kind made in Canada and, therefore, competitive with that produced by Kodak and Bell & Howell, and other cameras or projectors. The C.P.T.A. sought to make these distinctions on the basis of features such as the film size for which the camera or projector was designed, whether or not the cameras provided for interchangeable lenses, or whether or not the projector was designed to reproduce sound.

The proposed differentiation between cameras and projectors used by professionals and those used by amateurs, based on specified features of design, does not appear to be appropriate because advanced amateurs and professionals use similar equipment. In addition, because of the wide range of prices applicable to the same formats of cameras and projectors and the consequent inclusion of non-competitive equipment with that which is competitive when features of design are used for differentiation, design criteria are also inappropriate for distinguishing between competitive and non-competitive equipment. Thus, neither objective was fully achieved by the items proposed by the C.P.T.A. For example, there are many cameras on the market far more sophisticated and expensive than those produced by Kodak, which do not have provision for interchangeable lenses and would, therefore, not be competitive with Kodak Canada's products and yet would be classified under an item designed to protect the Canadian producer. Furthermore, 35 mm. motion picture projectors, which are not produced in Canada, were provided for in the same item as 16 mm. projectors, which are produced here; both are used essentially for professional or commercial purposes, but none of the 35 mm., and some of the 16 mm., projectors would not compete with the Canadian-made products. By not using the words "of a class or kind made in Canada", the C.P.T.A. proposals would avoid some disputes regarding classification but, as the discussion above indicates, would include many products which were not competitive with Canadian production in items designed to protect Canadian-made products.

Certain Tariff Problems

In formulating its recommendations, the Board has had to re-examine three problem areas: "made in Canada" distinctions, end-use items and the appropriate treatment for television or cablevision equipment.

The distinction between products on the basis of their made-in-Canada status is made in many items in the existing Customs Tariff. Although from time to time there have been disputes between the Department of National Revenue and importers respecting the parameters of a particular class or kind of a product, this distinction remained over the years and has proved to be capable of being administered.

For specific reasons in each case, the use of the "made-in-Canada" technique in the Customs Tariff has been discontinued with respect to machines and to chemicals, but provision has been made to achieve the same objectives by Order in Council rather than by statute. Tariff item 42700-1 now incorporates a provision under which duty is remitted, by Order in Council, on machines not available from Canadian production. Section 12 of the Customs Tariff authorizes reduction or removal of duties on chemicals and plastics, by Order in Council, and is used to reduce or remove duties on products not made in Canada. The Board notes that there is no right of appeal from the decisions taken under the Machinery Duty Remission Programme or under the provisions of Section 12 of the Customs Tariff, whereas there is a right of appeal against administrative decisions concerning tariff classifications where the "made-in-Canada" technique is involved. As will be seen, the Board considered that authority to use Orders in Council, beyond the authority already provided in the statutes, was not required or appropriate in the case of photographic equipment and that it is preferable to spell out in the statute definite and known rates for goods made and goods not made in Canada.

The question of differentiating between competitive and non-competitive imports is not, of course, unique to the Canadian Customs Tariff. Other countries have devised similar or equivalent means of applying different rates for products of a class or kind made domestically, generally in order to apply higher rates of duty to imports which would compete with domestic goods.

The Tariff Schedules of the United States do not use a phrase similar to the "class or kind" wording in the Canadian Customs Tariff. However, by using design features together with value for duty the United States tariff items apply higher rates of duty to photographic equipment of a class or kind made in the United States. Higher rates of duty apply to lower-priced, mass-produced goods, typical of American production and, as a result, more protection is afforded such goods by differentiating them from the more expensive, less-competitive imported products. For example, the differentiation between cameras 'made' and 'not made', in the United States tariff is based on both their unit value for duty and such design features as sound capability or optical system complexity. The following, abbreviated extracts from the Tariff Schedules of the United States illustrate its general structure; the corresponding Canadian rates are also shown for purposes of comparison.

		M.F.N. Rates in Effect in 1972	
		<u>U.S.A.</u>	<u>Canada</u>
		- per cent -	
<u>U.S. Item</u>			
	Photographic motion-picture cameras, with or without sound recording systems:		
722.02	Valued under \$50 each	12.0	15.0
722.04	Valued \$50 or more each	6.0	15.0
	Photographic cameras (other than motion- picture cameras), ...		
722.10	... lens valued over 50 percent of value of article.	12.5	15.0
	Other cameras:		
722.12	Fixed-focus	10.0	15.0
	Other than fixed-focus:		
722.14	Valued not over \$10 each	20.0	15.0
722.16	Valued over \$10 each	7.5	15.0
	Projectors, ..., with or without sound reproducing, or sound recording and reproducing, systems:		
722.40	Projectors other than motion-picture projectors.	17.5	15.0
	Motion-picture projectors:		
722.42	With sound recording and reproducing systems;	5.5	15.0
722.44	Other	17.5	15.0

The Tariff Schedules of the United States also contain certain provisions respecting products manufactured abroad using American components. These would appear to be applicable to (occasional) exports to that country by Kodak Canada and Bell & Howell. The relevant item is 807.00, which is worded:

"Articles assembled abroad in whole or in part of fabricated components, the product of the United States, which (a) were exported in condition ready for assembly without further fabrication, (b) have not lost their physical identity in such articles by change in form, shape, or otherwise, and (c) have not been advanced in value or improved in condition abroad except by being assembled and except by operations incidental to the assembly process such as cleaning, lubricating, and painting."

According to U.S. Tariff Item 807.00, above, the value for duty of a Canadian-made camera or projector assembled from American components would be the value added in Canada. This value would be the difference between the full value of the article imported into the United States, less the value of fabricated components of American origin incorporated in that article. This method of establishing the value for duty would be subject to the proviso that the appraiser must be satisfied that the cost or value is reasonable. The American authorities are currently reviewing the administrative procedures relating to this item; some of the proposed changes under consideration would make it more difficult for American importers to use the item.

A feature of the Canadian Customs Tariff relating to photographic equipment, particularly equipment not now produced in this country, is that the average rate of duty, of some 15 p.c., M.F.N., does not apply to goods which qualify for entry under tariff items granting free entry based on end-use. Such end-use items include tariff item 41205-1, which provides free entry, under the B.P. and M.F.N. Tariffs, for cameras, camera equipment, lenses, prisms, camera and printing lamps, screens, and vacuum frames used for transferring imagery to sensitized paper, film, plates, or rolls for use in printing. Under tariff item 47600-1, X-ray apparatus is admitted free of duty under all tariffs regardless of use. Tariff item 69605-1 provides free entry for scientific apparatus, and for mechanical equipment of a class or kind not made in Canada, when the goods are imported by educational institutions, public libraries, public museums, hospitals, and similar institutions.

All of the above items have been applied to products which would otherwise have been entered under tariff items specifically referred to the Board; but none of these items was specifically included in Reference 147. Under the B.T.N. system of classification, imports classified under the above end-use items would fall into the same Headings as imports for other purposes; for example, all still cameras, regardless of use, are in Heading 90.07. Although X-ray apparatus is provided for in a separate Heading, X-ray cameras imported separately are in the same Heading as any other still picture camera and apparatus for examining or developing X-ray films is in the same Headings as other photographic projectors or processing equipment.

A more specific question relating to tariffs is: should equipment, such as television cameras and videotape recorders, specifically designed to capture images electronically be considered to be photographic equipment. Television cameras capture images which are converted into electronic impulses for transmission or for recording on videotape, while conventional motion picture cameras capture images on sensitized film which must be processed before projection. Videotape recorders record both images and sound on videotape and are also used to replay the tape.

Videotape was originally introduced as a medium for use in television, but in recent years the distinctions between videotape and film have begun to disappear. In the motion picture industry, films are now being shot on videotape, particularly if they are designed for showing on television. Motion picture films shot on videotape can be edited more easily than those on conventional film and can be viewed immediately without further processing; the recent development of equipment designed for the rapid processing of motion picture film may tend to offset this latter advantage. Competition is also developing in the amateurs' market with the appearance of videotape units designed for home use, which compete with amateur cameras and projectors.

The issue came before the Board primarily because of tariff items 46220-1 and 46245-1, which provide free entry under the B.P. and M.F.N. Tariffs for certain specified equipment, including motion picture cameras, imported for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production. Television stations, which record many of their programmes on film, both in and out of their studios, have been held qualified to use these tariff items.

However, television cameras have not been held to be motion picture cameras of tariff item 46220-1 and are dutiable under tariff item 44533-1, which was not specifically referred to the Board, at rates of Free, B.P., and 15 p.c., M.F.N. On the other hand, the wording "optical and magnetic sound equipment" in item 46245-1 has been ruled as covering videotape recorders, even though they record and reproduce not only sound but also images and their major use is not related to the production of motion pictures; item 46245-1 also covers magnetic sound equipment used by television stations in the production, processing and transmission of sound. Thus, to the extent covered by this tariff item, television equipment is imported under a tariff item specifically referred to the Board.

Representations were made to the Board that television cameras should be considered to be motion picture cameras and accorded the same tariff treatment. The Board was also asked to continue the existing recognition of television stations as motion picture producers, to grant them the same treatment as the Board was asked to accord to other motion picture producers, processing firms, sound studios, film editors and others concerned with the production of finished motion picture films, and to extend the coverage of items for processing and finishing equipment to cover television cameras and other equipment used in the production of finished videotapes.

As noted elsewhere in this Report, representatives of the cablevision industry pointed out to the Board that cablevision stations, which use relatively inexpensive television cameras, lighting equipment and also videotape recorders, have not been regarded as producers with studios and have not been entitled to import videotape recorders free of duty under tariff item 46245-1; their position has been ameliorated by the remission of duties on videotape recorders. The Canadian Cable Television Association requested that its members be accorded the same status as television stations.

The fact that videotape recorders are currently considered to be magnetic sound equipment, in the administration of tariff item 46245-1, in conjunction with the representations made to the Board, raises the issue of whether "motion picture" equipment, in the context of customs administration, should continue to relate only to conventional equipment using film whose latent image is developed by chemical processes.

In the B.T.N., television cameras are specifically named with other radio and television transmission and reception equipment in Heading 85.15; videotape recorders and other magnetic sound recording and reproducing equipment are in Heading 92.11. Apparatus used to record or reproduce sound magnetically, in conjunction with a motion picture camera or projector, is excluded from Heading 90.08, which covers cinematographic cameras and projectors, and falls in Heading 92.11 unless the sound equipment is combined with the camera or projector in a single unit. The B.T.N. thus differentiates between equipment which is used solely with magnetic tape, including videotape, and equipment designed to be used with conventional film.

Magnetic tape is ordinarily used in the recording and processing of sound tracks for films. Only when the sound track is in its completed form is it added, either photo-electrically or magnetically, to the film bearing the images. Magnetic sound equipment appears to have been included in tariff item 46245-1 to provide for the equipment used in motion picture production; the development of the practice of having sound tracks processed, and even recorded, by sound studios independent of the motion picture producer, has resulted in such equipment being dutiable when imported by a sound studio, but being free of duty if imported for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production.

RATES OF DUTY

Imports of conventional photographic equipment were valued at an average of approximately \$51.3 million per year, during the period 1969 to 1971 (Table 8-1). Of this equipment, \$31.6 million was dutiable, at an average rate of 14.0 p.c. Because more than 95 per cent of the equipment was entered under the M.F.N. Tariff, the rates applicable under this Tariff are the most significant.

The rates of duty under the M.F.N. Tariff, in the photographic schedule, range from Free to 15 p.c. A few products, such as carrying cases, which are classified elsewhere, are subject to higher rates of duty. Of the total M.F.N. imports, averaging \$49.2

million, some 38 per cent, or \$18.6 million, were entered free of duty, principally under items applicable to cameras for professional use, named camera accessories, named types of processing equipment, specified parts used in the manufacture of cameras and end-use items such as 41205-1, 47600-1 and 69605-1. Parts used in the manufacture of projectors are dutiable at 7½ p.c. and screens and portable electronic flash equipment at 10 p.c. Most of the remaining imports are dutiable at 15 p.c. under the camera and projector items or under tariff item 46200-1, the basket item of the photographic schedule.

Virtually all the proposals placed before the Board sought to increase the range of goods admissible free of duty and to reduce the rates on other products. However, both Kodak Canada and Bell & Howell requested that the existing levels of protection for their cameras and projectors be retained; the former company indicated that this did not necessarily require the maintenance of existing rates of duty, because reductions in duty on cameras or projectors could be offset by reductions in the rates on imported parts.

Generally speaking, free entry was urged for all goods which were designed for professional use or which were not competitive with Canadian-made products. However, most proposals were for the maintenance of some level of duty on photographic equipment designed primarily for the hobbyist. It was suggested that duties might still be imposed on these goods, in order to retain some B.P. margins and because they were potentially competitive with Canadian-made products.

For equipment known to be made in Canada, or designed for the hobbyist, the C.P.T.A. proposed reductions in the M.F.N. rates to 10 p.c. or 7½ p.c. In most cases, these proposals represented reductions from existing rates of 15 p.c., but in the case of the in-camera processing cameras making positives 3¼" by 4¼" or larger, these proposals represented an increase from Free to 10 p.c. Both the C.P.T.A. and Kodak Canada felt that these cameras should be considered to be competitive with Kodak's product and be subject to the same rates of duty as other competitive cameras; Polaroid Corporation of Canada Limited, which imports and distributes such cameras, urged that they constitute a different type of product and that all models, regardless of size of picture, should be duty-free.

The proposals placed before the Board generally sought free entry for equipment used in professional still or motion picture photography, by professional still photographers, photofinishers, motion picture producers, motion picture processing laboratories, optical effects studios, special effects studios, sound studios, television stations, cablevision stations and others. There were some exceptions and some opposition in respect of products made in Canada such as 16 mm. projectors, sound-mixing consoles and related equipment and the electronic flash equipment for professional use then being produced by Berkey Photo.

The major arguments advanced in support of free entry for professional equipment were that most of it is already duty-free and that where duties were applicable, they served only to increase the cost of necessary equipment and, thus to inhibit the growth of these related industries without any benefit to Canadian manufacturers. Further, it was claimed that higher costs of equipment might lead to necessarily higher charges for the services performed and result in loss of work to competitors in the United States.

It is noteworthy that Canadian motion picture processors, including both laboratories and sound studios, have, in recent years, had considerable success in attracting work from the United States to Canada because they have often been able to provide equally good facilities at slightly lower cost. Continued access to the newest equipment at the lowest possible cost to the Canadian user would help to improve the competitiveness of firms in Canada; in 1970 there were more than 1,300 Canadians involved in motion picture production and processing in the private sector. There are also more than 2,000 professional still photographers and nearly 2,000 employees in photofinishing establishments who are dependent almost entirely on imported equipment.

Comparison of Canadian and Foreign Rates

Earlier in this Chapter, extracts were reproduced from the customs tariffs of the principal countries of the world which produce photographic equipment. Although it is not a major producer nor even a large supplier of the Canadian market, Britain has a photographic equipment industry and is gradually adjusting its rates to those of the common external rates of the E.E.C. Japan, the Federal Republic of Germany and Britain use the Brussels Tariff Nomenclature; the structure of the Tariff Schedules of the United States is similar to the B.T.N. The rates of duty on photographic equipment are compared in the following paragraphs.

In the Tariff Schedules of the United States, the rates applicable to virtually all imports of photographic equipment vary between 4.5 p.c. and 22.5 p.c.; many products are dutiable at 7.5 p.c., 10 p.c. and a variety of other intermediate rates. In so far as can be determined, lower rates apply to goods not produced in large quantities or not produced at all in the United States. The less expensive, mass-produced cameras and projectors, such as are made in the United States, are generally dutiable at rates of 17 p.c. or 17.5 p.c. Almost all processing equipment (other than enlargers and editing equipment) is dutiable at rates of 5 p.c. to 10 p.c., although the United States is a very large producer of such equipment.

In the common external tariff of the E.E.C., now applicable to imports into the Federal Republic of Germany, the rates vary from 7 p.c. on processing equipment to 14 p.c. on lenses. Almost all conventional photographic equipment would enter under one of nine Headings, five of which are subdivided for rate purposes. Most photographic lighting equipment, which is excluded from the photographic Chapter, is dutiable at 8.4 p.c., as are television cameras and videotape recorders. Other magnetic sound equipment is dutiable at rates of from 9 p.c. to 10.6 p.c.

Under the Japanese Customs Tariff, the rates currently applicable to photographic equipment, unless imported at lower rates from less-developed countries, generally range between 4 p.c. and 8 p.c., although a few products would be dutiable at 12 p.c., under Heading 90.13, the "basket" item of the B.T.N.

Under the Customs Tariff of Great Britain, as constituted prior to Britain's entry into the E.E.C., almost all photographic

equipment, and the lighting, television and sound equipment under consideration, were free of duty when imported from Commonwealth countries. Goods from E.F.T.A. countries were also entitled to free entry, while those from other countries were subject to rates varying from 7.5 p.c. on most processing equipment to 25 p.c. on lenses. Rates on cameras and projectors ranged from 10 p.c. to 20 p.c.

One significant difference must be borne in mind in making comparisons of rates. Canadian and American duties are levied on values for duty, f.o.b. country of origin, while British, E.E.C. and Japanese duties are levied on the c.i.f. value of the goods. Because the c.i.f. value is always higher than the value f.o.b. country of origin, a rate of 10 p.c., for example, for the E.E.C. would be equivalent to a somewhat higher rate for Canada. Table 8-5 gives some rate comparisons, using the M.F.N. rate or its equivalent.

Table 8-5: M.F.N. or Equivalent Rates of Duties, under
Various Customs Tariffs

	<u>Canada</u>	<u>U.S.A.</u>	<u>E.E.C.</u>	<u>Japan</u>	<u>Britain</u>
Inexpensive still camera	15 p.c.	7.5 p.c. or 10 p.c.	13 p.c.	6 p.c.	20 p.c.
Slide projector	15 p.c.	17.5 p.c.	10.5 p.c.	4 p.c.	20 p.c.
Motion picture film developing equipment	Free	5 p.c.	7 p.c.	4 p.c.	7.5 p.c.
Lens hoods	Free	9.5 p.c.	14 p.c.	6 p.c.	20 p.c.
16 mm. motion picture camera	15 p.c.	6 p.c.	10 p.c.	6 p.c.	20 p.c.
16 mm. motion picture sound projector	15 p.c.	5.5 p.c.	11 p.c.	4 p.c.	12.5 p.c.
Photocopiers	Free	5 p.c.	7 p.c.	4 p.c.	7.5 p.c.

It is noteworthy that none of the other tariffs cited provides free entry under the equivalent of Canada's M.F.N. Tariff for any of the goods under consideration, it is also worthy of note that the Canadian rate of 15 p.c., the usual M.F.N. rate on dutiable goods, is higher than all the E.E.C. and Japanese rates and many of the American rates; the United States, Japan and the Federal Republic of Germany are major world producers of photographic equipment.

Some Effects of the Existing Rates

As with any relatively limited group of products, insufficient data are available to quantify all of the major effects of the existing tariff protection. Where possible, the Board has estimated some of the cash "costs and benefits" of the duties with respect to consumers, producers, distributors, retailers and the government and the consequent redistribution of income. On the basis of available evidence, the Board has assessed the probable effects of existing and other rates in terms of the protection required to maintain, encourage and develop efficient and viable production. In

doing so, the Board has borne in mind the influence the tariff might have on multinational corporation decision-making with respect to the location of production facilities and the costs of goods and services moving between the parent company and the Canadian subsidiary.

The cost of the existing duties to Canadian consumers is, at the least, the amount of duty collected. In addition, the federal sales tax is levied on the duty-paid value of imported goods and additional tax is therefore payable by virtue of the duty. Also, the photographic equipment industry, like many others, usually prices its goods by applying percentage mark-ups to costs at the various levels of distribution and, in doing so, increases the cost of the duties and sales tax along with other costs. As a result, the cost of the duty to consumers, in terms of higher prices, is greater than the actual amount of duty collected.

The cost of the tariff to consumers arises not only from the higher prices of imported goods, but also from the higher prices at which domestic goods can be sold because of the existence of the duties. Based on the representations of Canadian manufacturers, it is reasonable to assume that the manufacturers take full advantage of the available protection and price their goods in relation to the prices of similar imported products. Thus, the cash cost of the duties to consumers includes the differences in prices of both foreign and domestic goods, resulting from the duties on photographic equipment.

The cash benefits to Canadian manufacturers would be represented by the additional income they earn because of the higher prices which they can charge for their products because of the duties. The major Canadian producers act as their own distributors and thus also benefit at this level. On domestic production, the sales tax is levied on the price at which goods are sold by the Canadian manufacturers, acting as their own distributors, to the retailer. Thus, the extent to which they benefit from the higher price made possible by the duties is reduced by the additional sales tax resulting from the higher price base used for calculating the federal sales tax on domestic production.

The higher mark-ups of importers, distributors and retailers benefit these groups to the same extent as they constitute a cost to consumers. And, of course, the duty and sales tax become part of the government's revenues.

The higher prices of photographic equipment, as a result of the duties, would affect the volume of equipment sold in Canada. For some equipment, particularly that sold mainly to hobbyists, the price elasticity of demand probably exceeds unity; that is, the effect of a given percentage change in price would be reflected in a greater percentage change in the number of units sold. Thus, although distributors and retailers may benefit from the higher unit prices, their total income from sales of some kinds of equipment might be as high or higher in the absence of duties and with lower unit mark-ups and prices, because of the larger volume of sales which would result from the lower prices.

The estimated effect of the duties, on retail prices of imported goods, is illustrated in the calculations which follow. The examples are based on information acquired by the Board regarding costs and mark-ups. For purposes of illustration, a rate of 15 p.c. is used in the example; more than 90 per cent of the value of imported cameras and projectors entered under specifically-referred items are subject to at least this rate of duty, as are many other imported dutiable products.

<u>Components of Estimate</u>	<u>Duty at 15 p.c.</u>		<u>Free of Duty</u>	
	<u>Cumulative</u>		<u>Cumulative</u>	
	<u>Cost</u>	<u>Cost</u>	<u>Cost</u>	<u>Cost</u>
	- \$ -		- \$ -	
Cost f.o.b. origin	10.00	10.00	10.00	10.00
Duty	1.50	11.50	-	10.00
Sales tax, 12 p.c.	1.38	12.88	1.20	11.20
Freight, etc., 4% of f.o.b. cost	.40	13.28	.40	11.60
Distributor mark-up, 33.3%	4.42	17.70	3.86	15.46
Retail mark-up, 50%	<u>8.85</u>	<u>26.55</u>	<u>7.73</u>	<u>23.19</u>
Retail List Price	26.55	26.55	23.19	23.19

The cost of the duty in the above example is \$1.50; the difference in the retail list price, resulting from the duty, is \$3.36, almost $2\frac{1}{4}$ times the amount of the duty actually levied.

The example assumes that all sales at retail are marked up by 50 per cent. However, to allow for discounts and special sales it was assumed that 75 per cent of retail sales included the 50 per cent mark-up and 25 per cent of sales were at the retailer's cost; this gives an average retail mark-up of 37.5 per cent. Based on this lower average mark-up, the retail price of the product subject to 15 p.c. duty would be \$24.34 and of that entered free of duty, \$21.26, a difference of \$3.08, slightly more than double the amount of duty actually paid.

The total imports of photographic equipment, averaging \$87.0 million annually in the years 1969 to 1971, included not only finished goods but also replacement parts for imported products and the parts imported by the Canadian manufacturers of cameras and projectors. Duties on parts for manufacture do not have the same impact on cash costs as do the duties on finished products, although they do increase the cost of manufacturing in Canada. The price the manufacturer can charge for his product is governed by the protection he receives on the finished product. The duties on parts might affect the decision as to what goods are made in Canada but they do not have as direct an effect on the prices paid by Canadian users of photographic equipment.

If the imports of parts for Canadian manufacture are subtracted, the remaining imports would amount to some \$81 million annually. Of these imports, about \$28.1 million were subject to duty, at an average rate of 15.0 p.c. The duties collected amounted to \$4.2

million, but the additional cost of the duty to final purchasers is estimated at more than \$8.6 million, more than twice the amount of duty actually collected. As noted, this results from the higher base on which the federal sales tax and the mark-ups of distributors and retailers are calculated.

Additional costs and benefits, related to the existing duties, arise out of the higher prices Canadian manufacturers are able to charge through "pricing up to the tariff." During the period 1969-1971, it is estimated that, because of the tariff, Canadian consumers paid an additional \$2.5 million for domestically-produced goods sold in Canada.

Thus, the average annual cost of the duties, to the consumer, on domestic and imported goods, amounted to some \$10.8 million, during the period 1969 to 1971.

The cash benefits derived from tariff protection include the additional revenue received by the Canadian government from the collection of the duties and sales tax and from income taxes paid by the producing and distributing firms and their employees. The government collected \$4.2 million in duty on imported equipment and \$0.5 million in duty on imported parts used by the Canadian producers of cameras and projectors. The government also collected additional sales tax revenues because the tax was levied on the duty-paid value of the imported goods and on the higher prices Canadian manufacturers could obtain for domestic products as a result of the tariff protection available to them. It is estimated that the additional sales tax, collected because of duties, amounted to \$0.7 million on imported and domestic goods. The total benefit to the Treasury amounted to \$5.4 million.

The Canadian producers of photographic equipment derive a benefit from the higher prices made possible by the Tariff. Because the Canadian manufacturers usually act as their own distributors, they derive a further benefit at this level but they would derive a similar benefit from the distribution of imported goods if they did not produce in Canada. In addition, the duties on parts confer some small benefit to the Canadian firms which supply a limited range of parts. The total benefit to Canadian manufacturers is estimated at \$1.6 million, of which some 75 per cent was attributable to manufacturing operations. To be offset against this is the additional cost to manufacturers, of \$0.5 million, arising out of the duty on parts.

Importer-distributors derive a benefit from the application of their mark-up to a higher landed cost, as a result of the duty and the application of the sales tax to the duty-paid value. It is estimated that this benefit averaged \$1.6 million annually, in the period 1969-1971, including the cash benefit to Canadian manufacturers from the distribution of imported equipment and any cash benefits derived by firms which are normally importer-distributors from the distribution of Canadian-made products.

Benefits to retailers arise from the application of their mark-up to the higher costs to them of both domestic and imported

equipment. It is estimated that this benefit averaged \$2.8 million annually in the period under review.

The breakdown of these costs and benefits, by groups of products, is discussed in the paragraphs which follow and is summarized in Table 8-6.

When there is no Canadian manufacture of the dutiable products, there is, of course, no benefit to manufacturers. During the period 1969 to 1971, this circumstance applied to imports of processing, photocopy, microfilm and blueprint equipment, which during those years, accounted for \$2.9 million, annually, of the dutiable imports. The additional cost to users is estimated at \$0.7 million; of this amount, \$0.5 million was collected by the Government in duties and additional sales tax, while \$0.2 million accrued to importer-distributors and retailers.

Dutiable imports of ancillary equipment and accessories amounted to \$10.1 million annually, 1969 to 1971. The duties collected and the additional sales tax amounted to about \$1.6 million, while the additional cost to the consumer amounted to about \$3.0 million. In addition, the cost of Canadian-made goods was increased by nearly \$0.4 million, most of which accrued to Canadian producers. The total benefit to the Government is estimated at somewhat less than \$1.7 million, while the balance, almost \$1.5 million, went to importer-distributors and retailers. With the cessation of Canadian production of electronic flash equipment, the benefit to Canadian manufacturers would have declined since that time.

The sole Canadian producer of lenses derives a negligible cash benefit from the Customs Tariff because almost his entire production is exported and there are almost no imports of goods competitive with those he sells in the domestic market.

The major impact of the existing duties on photographic equipment falls on the Canadian purchasers of cameras and projectors. Of total imports averaging \$23.1 million annually, 1969 to 1971, more than \$15.1 million, or 65.7 per cent, were subject to an average rate of duty of just under 15 p.c. Dutiable imports of cameras and projectors accounted for 45.0 per cent of all dutiable imports of photographic equipment other than of parts for use in the manufacture of cameras or projectors.

The duties collected on cameras and projectors averaged \$2.3 million in the years 1969 to 1971. In addition to this amount and the higher mark-ups resulting therefrom, the consumer had to absorb the cost of the higher prices the Canadian producers were able to obtain for the products they assembled. It is estimated that because of the existing rates of duties, Canadian purchasers of cameras and projectors, whether domestic or imported, paid an additional \$6.8 million for the goods they acquired. Of this amount, \$2.7 million went to the federal government in the form of duties and additional sales tax, \$1.4 million was realized by the manufacturers, acting as their own distributors, and \$2.7 million accrued to the importer-distributors and retailers. The ratio of the cash cost to the consumer to the cash benefit to Canadian producers was of the order of 5 to 1. However, the manufacturers paid \$.5 million in duty

Table 8-6: Estimated Cash Costs and Cash Benefits of the Existing Tariffs, Annual Averages, 1969-71(a)

	Benefits to						
	Private Sector			Government			
	Cost to Consumers	Manufacturing Operations(b)	Distributors(c)	Retailers - million dollars -	from Imports	Sales Tax on	
					Duty Sales Tax	Domestic Goods	
Total	Total	Total	Total	Total	Total	Total	
All cameras and projectors	6.8	1.0	1.2	1.9	2.3	0.3	2.7
Parts for manufacture	-	*	-	-	0.5	-	0.5
Processing equipment	0.3	-	0.1	-	0.2	*	0.2
Ancillary equipment and accessories	3.4	0.2	0.6	0.2	1.5	0.2	1.7
Total conventional equipment	10.4	1.2	1.9	2.8	4.4	0.5	5.1
Non-conventional equipment(a)	0.4	-	0.1	-	0.3	*	0.3
Total, all photographic equipment	10.8	1.2	2.0	2.8	4.7	0.5	5.4

(a) Excludes sound equipment and mechanically-ignited flashcubes

(b) Excludes cost to manufacturers of duty on imported parts, estimated at \$0.5 million

(c) Includes benefits to manufacturers from the distribution of Canadian-made equipment estimated at \$0.4 million

on imported parts used in the assembly of cameras and projectors in Canada, so that their net benefit from the existing tariff was \$0.9 million and a truer ratio of cash costs to cash benefits was more than 7 to 1. The very high annual cost to Canadians, of the existing duties on cameras and projectors, is apparent.

Because Canadian-made equipment accounts for less than 25 per cent of the total annual value of cameras and projectors sold in Canada, the cash benefit to domestic manufacturers would be only a small part of the total. The estimated cash benefits of the tariff on cameras and projectors to various distributors of imported photographic equipment, of \$2.7 million per year, are three times as large as the net cash benefits to Canadian manufacturers. Moreover, more than one-half of the benefit to distributors arises out of sales of cameras and projectors which are not available from Canadian production; duty on these provides no benefit nor protection to Canadian manufacturers. The existing or higher rates of duty have been in effect on such cameras and projectors for many years without attracting either domestic or foreign manufacturers to produce them in Canada. Their principal effect appears to have been to reduce the number of units sold in Canada because of the higher prices made necessary by the cost of the duties and, for the same reason, to have increased the amount of mark-up per unit at various levels of distribution.

The Board has not attempted to evaluate the cost of the duties on equipment specifically designed for television or cable-vision. Apart from the videotape recorders and other sound equipment imported under tariff item 46245-1, all this equipment is imported under tariff items not specifically included in the Reference. Videotape recorders are not produced in Canada.

Similarly, no evaluation has been made of the cash costs or benefits of the duties on sound equipment used in motion picture production. The costs involved would be the costs of the tariff to those purchasers who are unable to import such equipment under tariff item 46245-1. The benefits would be the additional returns, to the Canadian producers of certain products used in the processing of sound, made possible by the Tariff.

Because virtually all photocopy and blueprint equipment enters Canada duty-free, the users of such equipment are not affected by the Tariff. About half the imports of microfilm equipment are dutiable and the prices to users reflect the duty; this increases the cost of such installations and could retard the growth of the use of microfilm. Canadian production of microfilm equipment is limited, as yet, to the assembly of one inexpensive model of microfiche reader, by Kodak Canada.

Photofinishers, laboratories which process motion picture film, and professional photographers who do their own photofinishing, are not greatly affected by the tariff because most processing equipment enters duty-free. However, because some of the most recently developed, most technologically advanced products used in photographic processing or finishing are not specifically provided for in duty-free items, such goods are usually dutiable. Therefore, the users are compelled to pay higher prices for such goods than would apply if

duty-free entry were extended to all processing equipment; such higher costs would be reflected in the prices they charge their customers and could affect their ability to compete with United States' photographers and laboratories. The main groups affected by duties in this area are the independent film editors and sound studios who are unable to import goods under tariff item 46245-1 and must absorb the additional cost of the duties on products not generally available from Canadian manufacturers. As noted earlier, some sound processing equipment is produced in Canada.

In their submission to the Board, professional photographers sought to alleviate the effects of the existing rates of duty on cameras, particularly on the wide range of cameras now used in commercial photography, none of which are available from Canadian manufacturers. Professional photographers have turned increasingly to cameras not qualifying for free entry under the tariff item, 46215-1, which was designed some years ago to meet their needs. They also sought free entry for the lighting equipment they use, virtually all of which is now imported. Otherwise, they sought to retain the existing free entry for the accessories and processing equipment named in tariff items 46235-1 and 46240-1.

The existing tariff has had a limited effect on Canadian production of the two major groups of products, cameras and projectors. The two major Canadian producers employ a total of approximately 300 persons in the assembly of imported parts (a relatively simple operation) and the repair of the equipment relevant to this Reference. The multiplier effects generated in Canada by these operations are quite limited. Very few parts of cameras or projectors are produced in Canada and the manufacturing and procurement policies of the Canadian subsidiaries' parent companies have provided virtually no stimulus to the manufacture of such parts in Canada. An important benefit to the economy could arise from the multiplier effects generated by substantial purchases of materials, parts and services from producers and suppliers in Canada. Further, highly trained professional and technical employees are not required in significant numbers because all, or practically all, of the research and development work is done outside of Canada. Additional R & D work in Canada, and more domestic production and procurement of materials, parts and services, would give rise to increased domestic capital formation, employment and real income.

The existence, for many years, of tariffs on cameras, projectors, lighting equipment, and many other accessories or ancillary equipment has not served to create a large producing industry in Canada. The major producers of cameras and projectors have assembly operations which depend largely on imported parts; the only other operation of comparable size, the production of lenses, is export-oriented. Total Canadian employment in the manufacture or assembly of photographic equipment is estimated at about 500 persons; in contrast, thousands of persons are employed in the distribution and sale of imported equipment, in professional still photography, in photofinishing, in processing motion picture film, in sound studios, optical effect studios, as motion picture film editors and, generally, in the growing production of motion pictures in Canada. To the extent that duties on equipment required in these fields retard their growth, the existing tariff serves to prevent the creation of additional jobs.

Probable Effects of Changes in Rates

It is probable that rates of duty could be set high enough to induce additional manufacture of photographic equipment in Canada. However, the fact that the existing rates, and higher rates in the past, did not lead to the development of an extensive photographic equipment manufacturing industry suggests that such rates would have to be so high as to impose a heavy burden on users of photographic equipment and to inhibit or curtail the development of related industries and activities. The imposition of high rates of duty on photographic equipment would increase their cost to Canadian users very substantially: it could result in a slow-down of use in Canada of photographic equipment including, for example, such technologically important uses as computer printouts, in the transfer of motion picture processing activities to United States' establishments and, in United States or other foreign photographers displacing Canadians in supplying photographic illustrations for commercial catalogues and other publications. More generally, high rates would interfere with many developments related to Canadian commercial and cultural activities and retard the growth in the use of photographic equipment associated with the "information explosion".

Lower rates on equipment competitive with that now produced in Canada might lead to some curtailment of Canadian assembly operations. However, it was suggested at the hearing that this could be offset to a considerable degree, by reductions in the duties applicable to the parts now imported by Canadian manufacturers. The effect on Canadian manufacturers of changes in the existing rates of duty on motion picture projectors and the parts used in their production was dealt with by Bell & Howell, at some length; this was one of the very few discussions which tried to assess the financial impact of the proposed tariff changes on company profits and on "buy or make" company policy. These submissions are analyzed in Chapters 3(b) and 4 of this Report.

The calculations in Chapters 3(b) and 4 suggest that reductions in duties on cameras and projectors, combined with reductions in duties on imported parts used by the Canadian manufacturers, would not materially alter the competitive position of the Canadian plants. Further, if such reductions resulted in lower prices for the Canadian as well as imported products (and with the elasticity of demand being estimated as higher than unity) there could result increased sales by the Canadian producers which, in turn, could lead to an expansion of manufacturing activity in Canada.

At the present time, changes in values of foreign currencies are stated to be putting upward pressure on prices of imported photographic equipment. In the Budget of February 1973, the M.F.N. duties on cameras and projectors were reduced by five percentage points. The principal M.F.N. suppliers of these products in the early part of 1973 were the United States, Japan, the Federal Republic of Germany, Hong Kong, and Austria. With the exception of the United States, the values of the currencies of these countries have appreciated in terms of the Canadian dollar since February 1973.

Increases in exchange rates affect the price to the Canadian importer unless they are offset by reductions in the

exporter's price in terms of his own currency. Costs of production are also increasing in the world's principal producing countries. To the extent that tariff reductions could offset increased values for duty of such goods and thus prevent or delay price increases, Canadian users of such equipment, which must be imported, would benefit from tariff reductions even if they were unable to purchase goods any more cheaply than before. While there is no guarantee that tariff reductions would be passed on to the consumer, it seems likely that competition between the twenty or more major importer-distributors active in Canada, on the one hand, and the wide variety of retail establishments which handle photographic equipment, on the other, would result in benefits to the ultimate user of photographic equipment.

In October 1973, the Department of Consumer and Corporate Affairs released a study of the effect of the tariff changes contained in the February 1973 Budget on consumer prices. The study concluded that the budgetary measures had significantly affected particular consumer prices and that price reductions had occurred in many cases as a direct result of tax and tariff reductions, and in others had moderated or averted price increases which would have occurred as a result of increased costs. In general, the changes in sales and excise taxes were found to have had a greater effect on prices than the tariff reductions. However, the report pointed out that the effect of the latter might have been delayed because of inventories of goods on which the higher rates, in effect prior to the Budget, had been paid. The study did not direct itself particularly to photographic equipment, although it noted that there had been some retail price reductions immediately after the Budget and that the tariff reduction on film had resulted in lower prices for both domestic and imported goods.

The Board has compared the monthly import figures for 1973 with the corresponding 1972 figures. Until July or August of 1973, monthly imports generally were below 1972 levels in volume, but above 1972 levels in terms of value; the increased imports in August, September and October, in terms of both volume and value, may reflect the impact of the tariff changes. As discussed in Chapter 1, imports of photographic equipment are subject to very wide seasonal variations with imports in the last quarter normally being the largest.

Comparisons of retail list prices in Canada and the United States suggest that Canadian prices often are as high or higher than the American retail list prices plus the Canadian M.F.N. duty and sales tax. This may be attributable to lower mark-ups in the very much larger American market at both the distributor and retail levels. Despite the much larger volume of sales there are fewer major distributors in the United States than in Canada. Tariff reductions in Canada would, in all probability, reduce the spread between prices in the two countries.

Reductions in the duties on processing equipment, editing equipment, sound equipment and other products used in the production of motion pictures, if they resulted in lower costs and therefore lower prices to users of these services, could have important effects. They might enable processors to attract more work from abroad, as well as to provide more efficient service to the growing indigenous motion

picture industry. Cheaper processing available to the amateur still or motion picture photographer might stimulate the taking of pictures and increase demand for photographic equipment and services. This would also increase the demand for photographic film and paper and thus benefit the domestic producers of sensitized materials, chemicals and other supplies. All these effects, while not creating any additional employment in the manufacture of photographic equipment, could well create additional jobs in these related activities, although no statistical measurement is possible.

Additional employment would also be created if there were more domestic production of the parts required by the principal Canadian producers of cameras and projectors; most parts are now imported. This question is discussed in Chapter 4. The rates of duty which should apply to such parts was a major issue at the hearing. Certain parties urged that existing rates should be retained or increased in order to stimulate Canadian production. The Canadian manufacturers and the C.P.T.A. sought reductions in such duties in order to lower costs of Canadian production or to offset proposed reductions in rates on finished products.

It is evident that the existing rates of duty on parts have not led to extensive domestic production or procurement of such parts. The manufacturers of cameras and projectors have found it less costly to import most parts, even when they are dutiable, than to make them in Canada or to establish domestic sources of supply. The parts are imported mainly from the parent companies whose production of parts would be a good deal larger than would be the case if the parts were produced in Canada. This would not necessarily hold, however, if the Canadian parts manufacturer was granted a significant export market for his parts.

In summary, reductions in the duties on photographic equipment, if they resulted in lower prices to the consumer and lower costs for those dependent on such equipment, would result in increased demand for the equipment itself, for the services rendered by those using such equipment in their professions, and for sensitized materials and other supplies. If reductions in the rates on finished equipment were accompanied by reductions on imported parts used in manufacturing, the Canadian manufacturers' position would not be significantly affected and their sales might well be increased. The over-all effect of reductions in duty would probably result in increased use of photographic equipment of all kinds and increased employment in the manufacture, importation, and distribution of such equipment, in the processing of film and related activities, and in the production of sensitized materials.

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CHAPTER 9: MAIN CONCLUSIONS AND RECOMMENDATIONS

GENERAL CONCLUSIONS

The purpose of this chapter is to outline the Board's main conclusions and recommendations. The totality of the Board's tariff recommendations, with appropriate notes, is set out in the next and final chapter of this Report.

No attempt is made in this chapter to summarize the data and the Board's analysis and findings which are contained in the preceding chapters. It should be noted, however, that the Board's recommendations are based not only on material which has been made public, but also on information obtained in confidence by the Board from and about companies in Canada, in accordance with the Tariff Board Act. The confidential information usually relates to the affairs of individual companies in Canada and cannot be revealed because it would then become available to the competitors of those companies.

Generally, the Board recommends a reduction in the customs tariff on photographic equipment and parts. It also recommends a complete revision of the existing tariff structure and nomenclature to accord with the internationally-accepted Brussels Tariff Nomenclature.

A number of reasons, which are set out in this Report, have led the Board to recommend reductions in the rates of duty. For example, in a number of cases the protection value of the present tariffs on photographic equipment and parts is virtually nil simply because there is no Canadian production, or it is very small and unlikely to grow, or the products are custom-made. In other cases the products can compete successfully at home without the present level of tariffs, and, indeed, some are competing in foreign markets. Furthermore, the Board has considered that protection can be reduced, or is not required for the foreseeable future, with respect to goods that are imported in negligible quantities and goods which do not compete directly in terms of price with those produced in Canada.

In addition the various cost-benefit estimates arrived at on the basis of the tariff rates now applied on the majority of photographic equipment and parts, strongly suggest the need for and equity of tariff reductions: the direct and indirect cost of the tariff to users of much of the photographic equipment under review appears to be inordinately high when compared to the benefits which accrue to Canadian producers and to the economy especially as regards the use of Canadian resources, including manpower.

The interest of the Canadian consumer and end-user of photographic equipment has been a major consideration in the Board's deliberations, and the recommendations should result in lower prices for photographic equipment, as well as increased sales. The Board has estimated that the cash cost of the duty to the consumer, in a typical case, is at least twice the amount of the duty. It has also estimated that protection at existing levels allows Canadian producers to sell some identical products at 20 per cent more than the United States parent companies, on an f.o.b. plant basis.

Moreover, the recommended reductions should bring equivalent tariff concessions from interested trading partners in future trade negotiations; these concessions would not necessarily relate to photographic equipment and could thus benefit Canadian producers of other goods.

On the other hand, the Board has recommended, whenever it deemed it necessary, what it considers to be an adequate level of tariff protection when there exists or when reasonable prospects can be foreseen for a viable domestic production of certain kinds of photographic equipment or parts. In a few important cases (e.g. cameras and projectors) where the existing tariff has been reduced on the equipment, it has been eliminated on almost all the imported parts from which the equipment is assembled in Canada.

An important feature of the Board's tariff recommendations is that, for many types of photographic equipment and parts, higher rates are recommended for goods of a class or kind made in Canada than for those which are not. This distinction makes it possible for the Board to recommend free entry for a great number and variety of products which are not made, nor are likely to be made in Canada. The differences in the rates recommended are also intended to maintain a reasonable level of protection and provide an incentive for Canadian producers to qualify for "made in Canada" rulings in order to obtain the protection afforded by the higher rates.

The Board has concentrated its attention on the M.F.N. rate of duty because it is predominant in almost all cases. Where the British preferential rate is of some relative importance, only three countries are involved, Britain, Australia and more recently, Singapore. Most B.P. imports come from Britain and its position as a beneficiary of the Canadian B.P. Tariff may be reviewed as a result of Canada's loss of B.P. treatment in Britain following its entry into the European Economic Community. As a general rule the margin of preference (between the B.P. and M.F.N. rates) has been reduced. The General Tariff is of relevance in only one or two cases and it has generally been reduced by the same number of percentage points as has the M.F.N. Tariff.

Generally speaking, the Board's recommendations are in the direction of, and often on all fours with the proposals made to the Board by the Canadian Photographic Trade Association and the majority of other interested groups and companies.

In devising an appropriate and up-to-date nomenclature to cover the photographic equipment within the scope of this Reference, the Board has used the internationally-accepted Brussels Tariff Nomenclature. Its recommendations are in accord with the B.T.N. A move to the B.T.N. was generally advocated by and agreeable to those who made representations to the Board.

It is not inconceivable that a reduction of the tariff on photographic equipment might result in assembly operations in Canada of cameras and projectors being curtailed or even discontinued. It is not possible for the Board, even if it had a good deal more information than the quite limited data available to it, to hazard a guess on what a parent company in the United States might decide in this

connection. However, a number of considerations would militate against a curtailment or discontinuation of assembly operations in Canada: it may be advantageous for parent companies concerned to continue to assemble in Canada their most popular models for the large Canadian market; simultaneous reductions of the duties on imported parts are expected to offset the effect of the reductions of the duties on end-products of a class or kind made in Canada; the investment they have made in assembly and related operations in Canada may be sufficient to make the companies concerned reluctant to reduce or discontinue their assembly operations; the Canadian subsidiaries concerned would have an interest in preserving the advantages attaching to a "made in Canada" label on the products they assemble in Canada and discontinuation of their production in Canada could lead some customers to favour their competitors.

Similarly, reducing or removing the duties on parts for photographic equipment might remove an incentive to produce and/or procure parts in Canada to supply assembly operations in this country. For the foreseeable future, this incentive is likely to remain rather meaningless, as in the past, given the relatively small Canadian market for parts and the parent companies' volume-production capacity and their policy as regards parts production. Even if, at long last, the incentive were to bear fruit, the resulting benefits would not be appreciable (indeed they might well be negative) and, in any event, they could only be obtained through a decision by the parent company itself to source its Canadian operations in Canada. Furthermore, even when the duties on parts are removed, there remains the incentive to produce and/or procure parts in Canada in order to achieve sufficient Canadian content to qualify Canadian production for "made in Canada" rulings and thus qualify for protection recommended for photographic equipment of a class or kind made in Canada. This protection would apply to all equipment which qualified for a "made in Canada" ruling, including that sold to the substantial institutional market. For some kinds of photographic equipment (at present, mostly projectors) the incentive to qualify for a "made in Canada" ruling is more likely to encourage production or procurement of parts in Canada than the incentive provided by the existing duties on parts.

Notwithstanding these considerations, it was the Board's view, in the light of the evidence and information it obtained, that a highly desirable development would be for the parent companies concerned to decide to produce and procure selected parts in Canada for their plants abroad, especially those in the United States, as well as for their Canadian manufacturing operations. Such a corporate decision, assuming that economic and other circumstances were favourable, would bring a desirable progression in the production of the Canadian subsidiaries of the multinational corporations concerned and would bring substantial benefits to the Canadian economy.

The Board was concerned about the possibility, mentioned above, that the tariff reductions it recommends might result in reduced assembly operations in Canada and a consequent loss of jobs. No matter how relatively minor such a loss might be, or how large offsetting benefits, it is an aspect which cannot be disregarded especially because individuals are involved as well as the general economy.

However, after a careful assessment of the probable impact on employment of its recommendations, the Board concluded that there would be little, if any, effect on total employment by Canadian producers of photographic equipment, although circumstances conceivably could arise in the short term which might lead to some internal transfers of certain employees from relatively low-skill assembly line operations to other jobs. The companies which account for most of the employment in the assembly of photographic equipment provide few jobs for highly-skilled personnel; the skills of any such workers who might be affected by the Board's recommendations are likely to be readily transferable and are generally in high demand. There might well be individual cases where some hardship might result were no assistance provided. In such cases special manpower adjustment and training programs and services are available to help individuals and companies adjust to new employment situations. Such programs can be expected to be particularly effective in a comparatively high-employment area like Metropolitan Toronto.

More importantly perhaps, as indicated below, the distributive and service sectors of the photographic industry can be expected to grow as a result of the Board's recommendations and, thus, to provide a net increase in employment in the industry -- while also supporting the growth of important related tertiary sectors.

Kodak Canada currently employs between 2,500 and 3,000 people in the manufacture, processing and distribution of photographic equipment and supplies, of which only some 200 are directly involved in the assembly of photographic equipment relevant to this Reference. Because the over-all demand for cameras and projectors is expected to increase and the lower rates of duty recommended by the Board are expected to lead to increased sales of Kodak cameras and projectors, and consequently of sensitized materials and processing services, increased employment in the distribution and service activities of the company should more than offset any possible reduction in employment in the assembly operations, should this in fact occur.

Bell & Howell is likely to be even less affected than Kodak Canada by the Board's recommended rates on photographic equipment. A very large part of the company's output consists of 16 mm. motion picture projectors with sound capability and 8 mm. motion picture projectors without sound capability. Both types of products are currently ruled to be of a class or kind made in Canada and, therefore, most of the company's output would continue to be protected at a recommended rate of 10 p.c., M.F.N. (This was the rate in effect from February 20, 1973 to June 30, 1974). Indeed, with this rate on motion picture projectors of a class or kind made in Canada, and free entry as recommended by the Board for parts under both the B.P. and M.F.N. Tariffs, it seems probable that Bell & Howell's assembly operations would be more profitable than under the existing rates which apply to movie projectors and parts thereof. Moreover, the anticipated increase in Bell & Howell's sales of both domestic and imported products, because of the Board's recommended general reductions in the rates of duty on photographic equipment, should result in some increase in employment by the company.

The Board's recommendations are unlikely to have any significant impact on employment at Ernst Leitz Canada Limited because most of the company's production of lenses is intended for export.

Nor is the employment provided by Canadian manufacturers of that sound equipment which is relevant to this Reference, likely to be significantly affected by the Board's recommendations. Sound equipment specialized for motion picture or television production constitutes only a small part of the domestic sales of those manufacturers and they appear to supply a very large proportion of the Canadian demand for such equipment in spite of the competition of foreign sound equipment, most of which is already entered free of duty.

A very large proportion of sales of photographic equipment in Canada consists of products and apparatus of a class or kind not made in Canada and, therefore, would be entered free of duty under the Board's recommended items. Free entry for such equipment would be reflected in lower prices and, probably, in significantly increased sales of imported equipment and a larger demand for sensitized materials, photographic supplies, and processing and other services. The effect of such an expanded demand for the services provided by wholesale and retail dealers, and of photographic processing laboratories, is likely to be reflected in increased employment in these areas.

Thus, the Board's recommendations seem likely to lead to more employment, in total, with additional employment in the distributive and service sectors more than offsetting any reduction of staff in assembly operations.

A major characteristic of the photographic equipment industry in Canada, which the Board has had to keep uppermost in mind when formulating its recommendations, is the predominance of a few multinational corporations such as Eastman Kodak, Bell & Howell and Xerox (all United States corporations). The nature of the relationships between the parent companies and their wholly-owned Canadian subsidiaries is of preponderant importance. This is especially so as regards the establishment, in Canada, of significant manufacturing (as against mere assembly) operations and the development of export markets by the Canadian subsidiaries.

The production and marketing policies of the multinational, American-owned corporations loom very large therefore, in any examination of the prospects for Canadian manufacturing and exports of photographic equipment and parts; tariff policy and rates per se (and, one suspects, other governmental policies and programmes), often have a relatively limited significance or influence with respect to the nature, distribution and growth of manufacturing in Canada.

This is why the Board, in making its tariff recommendations, also expresses the hope that corporations such as those mentioned above will decide to make the new capital investment necessary, as part of their over-all corporate production and marketing policies and, also, of their public image, not only to assemble in Canada their most popular models for the substantial and fast-growing Canadian market, but also to manufacture selected parts in Canada and procure others from Canadian suppliers. An essential corollary of such a policy is that adequate foreign outlets be developed for the expanded production of Canadian-made equipment and parts. With the necessary expansion of sales beyond the domestic market, it should not be necessary to provide much, if any, tariff protection for such manufacturing operations of photographic equipment.

It should be noted that the Board has seen very little evidence of determined and successful efforts by Canadian producers to supply parts and materials to the photographic equipment industry. The Board considers that there exist opportunities to increase the level of Canadian content in the photographic equipment bought by Canadians.

It is obvious to the Board that at present the nature and level of manufacturing of photographic equipment in Canada is very far from being commensurate with the size of the Canadian market for many kinds of photographic equipment.

About 90 per cent of the annual Canadian market of \$200 to \$250 million for the goods covered by this Reference is supplied by imports. Furthermore, domestic production, which almost exclusively consists of assembly operations based on imported parts, is limited to serving the Canadian market. With few exceptions such as lenses and sound control equipment, exports are negligible. As a result, the industry's rate of growth cannot exceed that of the domestic market. Tariff protection, per se, has not brought about the stimulus intended, nor is it likely, by itself, to ensure a strong growth potential.

The Board is not, of course, advocating a general policy whereby the amount of Canadian content must invariably reflect the size of the Canadian market. But it does appear to the Board that in the case of photographic equipment and parts there is an inordinately wide and long-standing disparity between the size of the market and domestic production; as already emphasized only some 10 per cent of the Canadian market is met through Canadian production, typically assembly operations.

Certain companies, such as Bell & Howell and Kodak Canada, have moved to correct that situation in part through some procurement in Canada but they still remain essentially assemblers of imported parts. Bell & Howell appears to have attained a relatively greater, although still low, degree of Canadian content and value added; it has also done better in developing Canadian suppliers.

A modest but perhaps potentially promising start is the production of plastic viewfinder (lenses) by Kodak Canada both for the Canadian and some foreign markets. Also, the Board understands that Xerox Canada plans to commence production in Canada in 1974-75 of three technologically-advanced photocopiers which are in substantial demand in Canada. It is not known at this stage how much manufacturing (as against mere assembly) will be involved, and what percentage of Canadian content might be attained within a reasonable period of time. The Company has expressed the hope that a significant level of Canadian content will be reached in due course. However, there is no indication that Xerox Canada plans to develop foreign markets for its new production.

Ernst Leitz Canada Limited is an outstanding example of what can be accomplished given a positive corporate decision and a favourable investment climate. Leitz supplies the world market including its associated company in Germany with the high quality camera lenses it makes in Canada.

Large scale manufacturing in Canada, especially of technologically-advanced products, can also bring about, as is the case with Leitz, a significant amount of research and development work. A number of foreign-owned corporations, often multinational in character, have assigned a research and development "mission" to their Canadian subsidiaries; IBM Canada is a case in point, and there are others. Given the high rate of technological advance which has characterized the photographic equipment industry, R. & D. missions are not lacking. Nor is the necessary competence lacking in Canada.

STILL PICTURE CAMERAS AND PARTS

Tariff protection on still cameras has been afforded at moderately high levels for some decades. Whereas it may have encouraged the establishment of assembly operations in Canada, the protection appears to have done little to bring about a significant degree of Canadian content and "value added" in the production of still cameras in Canada.

There is no evidence to indicate that this long-standing situation will change appreciably in the foreseeable future.

The main operations of the sole Canadian producer of still cameras, Kodak Canada Limited, relate to photographic film, sensitized paper and processing; it employed over 2,500 Canadians in these operations in 1973. As for still cameras, however, Kodak Canada merely assembles certain models and imports almost all of the required parts in finished form, mostly from Eastman Kodak in the United States. Furthermore, it assembles only those models, currently some seven still cameras, which are in greatest demand in Canada. It does not export.

Canadian materials (consisting mainly of materials not incorporated in the camera itself) constitute only five to seven per cent of the total cost of parts and materials used. Hence, the use it makes of Canadian resources is quite limited and its camera assembly operations do not provide much more than one hundred jobs. Consequently, the "value added" in Canada by Kodak's still camera assembly operations is quite small.

Kodak Canada does not engage in research and development in photographic equipment nor does it undertake modifications to United States-designed cameras. Considerable research and development however is done by its parent company (\$215 million in 1972) and this has increased substantially the demand for its technologically-advanced cameras. The Canadian subsidiary contributes financially to and benefits from the market results of this research.

Since Kodak Canada does not export, the growth potential of its production is limited to the growth of its Canadian market.

The Canadian market has grown substantially and, proportionately, is one of the largest in the world for still cameras -- an average (1969-71) of some 830,000 cameras a year with a value of over \$38 million, at retail. This large market is expected to continue to grow rapidly and to increase by 50 per cent or more between 1969 and 1975.

As a rough average, over 55 per cent of the numbers of still cameras sold in Canada are imported. This represents an average of some 470,000 cameras a year with a landed, duty-paid value of about \$15 million; the cost of these imports to the Canadian purchaser is more than \$30 million after sales tax and distributor and retail mark-ups are added. Thus, imports represent over 80 per cent of the total retail sales value of still cameras in Canada. The bulk of imports come from M.F.N. countries which account for 91 per cent of the imported cameras and 94 per cent of their value.

The estimated distributor's price of domestic cameras (inclusive of sales tax) averages about \$15 per unit whereas that of imported cameras is about \$48 per unit. This difference in average prices suggests that most imports do not compete directly with Canadian-assembled cameras.

Assuming annual sales at \$38 million (1969-71), the cash cost of the duty is estimated at \$3.1 million, 70 per cent (or \$2.2 million) of which results from higher prices paid by Canadians on imported cameras most of which do not compete with Canadian-assembled cameras.

The main beneficiaries of the cash cost of the existing tariff protection on still cameras seem to be the Canadian Treasury (\$1.28 million), the retailers (\$0.86 million) and the distributors (\$0.55 million). The sole Canadian producer benefits the least (\$0.45 million) from the protection now accorded its assembly operations.

On the other hand, the direct cost of the tariff -- and its indirect costs (resulting from the fact that the increase in the selling price to consumers in Canada is more than twice what it would be if only the duty collected were involved) -- fall heavily on the Canadian purchasers of still cameras.

It might have been expected that the relatively high level of tariff protection afforded the production of still cameras in Canada for some decades, coupled with the very large and rapid growth in the size of the Canadian market, would have resulted in a greater use of Canadian resources, including manpower, than has been the case. In theory at least this could have come about through the development of certain export markets by Kodak Canada. It appears, however, that corporate decisions concerning production and markets (based presumably on the parent company's own conclusions regarding the rationalization of its world-wide operations), have not resulted in the Canadian subsidiary increasing its production of Canadian-made cameras to supply foreign markets. In this connection, it should be noted that the "allocation" of the Canadian market to Kodak Canada has itself added to the protection afforded the Canadian subsidiary.

Alternatively, or indeed simultaneously, one might have expected that the use of Canadian parts, materials, manpower, and technical skills might have been appreciably increased, over the years, through the production and/or procurement in Canada of parts, sub-assemblies and assemblies for still cameras. It would appear (given the de facto market allocation policy of the parent company) that it is in this direction, rather than through the assembly of

more models of still cameras in Canada for the Canadian market, that greater use of Canadian resources could be made, especially if export markets were developed for Canadian-produced parts.

The Board has concluded, on the basis of the data and information made available to it, that the level of protection now afforded still cameras is unnecessarily high and that some reduction is appropriate and desirable. The Board also agrees with the representations made to it that a reduction of duty on parts should accompany any reduction of the duty on still cameras. The coincident reductions in the duties on parts will largely, or wholly, compensate a Canadian producer for the reduction in the protection on still cameras of a class or kind made in Canada, recommended by the Board.

Also, the Board's recommendations provide for higher rates of duty on still picture cameras of a class or kind made in Canada than on those which are not. This distinction makes it possible for the Board to recommend free entry for a great number and variety of products which are not made, nor are likely to be made in Canada. The differences in the rates recommended are also intended to provide a reasonable level of protection and as an incentive for Canadian producers to achieve the requisite level of Canadian content in order to obtain "made in Canada" rulings and, thereby, to qualify the Canadian-produced still cameras for the rates of protection recommended by the Board for cameras of a class or kind made in Canada.

The Board has also concluded that it is not desirable to distinguish between still cameras of a class or kind made in Canada and those not made in Canada on the basis of particular features of design, nor to provide for higher rates of duty on still cameras used by amateurs than on those used by professionals.

Consequently, in respect of the still picture cameras provided for by tariff items specifically referred to it, the Board recommends the following rates:

when of a class or kind made in Canada;

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
5 p.c.	10 p.c.	25 p.c.

when of a class or kind not made in Canada;

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	15 p.c.

The Board also recommends that most parts of the foregoing be dutiable at

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	15 p.c.

MOTION PICTURE CAMERAS AND PARTS

In many respects the general situation as regards motion picture or movie cameras parallels that of still picture cameras.

The Canadian demand for movie cameras is estimated at about 55,000 units per year, with a cost of about \$7 million to final purchasers. More than 90 per cent of the value of sales appears to be accounted for by imported cameras. Exports are negligible.

Kodak Canada, the single producer of movie cameras in Canada, currently assembles five models from parts and sub-assemblies imported mainly from the United States. Consequently, only limited use is made of Canadian manpower and other resources.

Tariff protection on movie cameras, which over the years has ranged from moderate to high, has not led to the establishment of a movie camera manufacturing industry in Canada. As indicated above, even the assembly operations supply less than ten per cent of the estimated annual value of Canadian demand.

Imports, which are preponderantly the popular 8 mm. camera without sound used by amateurs, originate for the most part in Japan and the United States. While foreign price competition exists with respect to certain types of cameras, the total impact of such competition is not significant because the average value per unit of the imported movie cameras is much higher than that of Canadian-assembled cameras. Cameras originating in the United States do not compete directly in any important way with the Canadian product and the competition from Japanese movie cameras is mainly limited to the three highest-priced Canadian models.

As imports are virtually all from M.F.N. countries, only the M.F.N. Tariff is significant. Imports from B.P. and General Tariff countries are negligible in quantity and, in any event, are entered into Canada at relatively high unit values which have little if any competitive impact on the domestic producer.

The M.F.N. duty increases the base on which sales tax and mark-ups are calculated and as a result the price to the consumer is increased by at least twice the amount of the duty paid.

Because most movie cameras are imported and they are usually high-priced models, the estimated cash costs of the duties on movie cameras to Canadian consumers are inordinately high compared to the cash benefits to Canadian producers.

The Board has concluded that a reduction in tariff on motion picture cameras and parts is warranted.

The recommended reduction in the duty on parts will largely, or wholly, compensate Canadian producers for the reduction in the protection for movie cameras of a class or kind made in Canada.

The provision of rates of 5 p.c., B.P., and 10 p.c., M.F.N., on motion picture cameras of a class or kind made in Canada and a Free rate on those which are not, is intended to give Canadian

consumers duty-free access to goods not available from Canadian production while providing a reasonable level of protection and giving Canadian producers an incentive to meet the requirements of a made in Canada ruling in order to qualify for the protection recommended by the Board on motion picture cameras of a class or kind made in Canada.

The Board concluded that there is no valid reason to provide for higher rates of duty on motion picture cameras used by amateurs than on those used by professionals. Furthermore, the Board does not consider it appropriate or necessary to distinguish, on the basis of sound capability, between cameras of a class or kind made in Canada and those of a class or kind not made in Canada. The Board also considers that there is no longer any reason to continue the existing special and exclusive provision for cameras imported by motion picture producers with studios.

Consequently, in respect of the motion picture cameras provided for by tariff items specifically referred to it, the Board recommends the following rates:

when of a class or kind made in Canada;

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
5 p.c.	10 p.c.	25 p.c.

when of a class or kind not made in Canada;

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	15 p.c.

The Board also recommends that most parts of the foregoing be dutiable at

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	15 p.c.

STILL PICTURE PROJECTORS AND PARTS

There are four companies manufacturing still picture projectors in Canada. Together they supply only a minor part of the total Canadian demand which is estimated at about 95,000 units valued at approximately \$12 million annually at the retail level, 1969-71.

As is the case with cameras, Canadian production consists of the assembly of parts imported from parent companies in the United States. Few workers are employed and Canadian material content is minimal.

The size and nature of the Canadian market alone is not such as to permit volume and achieve significant economies of scale. Because of the production and marketing policies and practices of the parent companies, only a small export market for still picture projectors has been developed, and that, by the two smaller manufacturers.

Given this situation, volume production would be possible only if the Canadian market for domestic producers were to increase substantially and the larger Canadian manufacturers were to develop foreign markets.

At present, imports supply about 70 to 75 per cent of the estimated value and volume of Canadian requirements. Imports are very largely slide projectors without sound, of the type assembled in Canada by Kodak Canada and Bell & Howell, and originate for the most part in the United States; Australia is a smaller but important source.

The imports from the United States, dutiable at 15 p.c., M.F.N., provide the main competition for the Canadian producers. Because the duty increases the base on which federal sales tax and the mark-ups of distributors and retailers are calculated, the price to consumers is increased by more than twice the amount of the duty paid.

Furthermore, it appears to the Board that the two principal Canadian producers take full advantage of the duty in pricing their products, and are thereby enabled, in a representative situation, to sell the products assembled in Canada for some 20 per cent more than do their United States parent companies, f.o.b. plant.

The Board has concluded that the tariff on still picture projectors and parts should be reduced.

This seems warranted for a number of reasons: The existing duties apply against types of projectors which are not made in Canada; they also provide protection for Canadian projectors which do not require protection because of unique features of design; in spite of substantial duty-free imports, the number of Canadian-assembled projectors has increased considerably in the last five years or so, but it is still relatively small in terms of the total market, and the level of protection over many years has not resulted in any major use of Canadian labour and other resources; imports competitive with the Canadian-assembled projectors have remained relatively constant in volume but still supply about half of the total demand. As noted above, Canadian-assembled projectors can be sold for some 20 per cent more, f.o.b. Canadian plant, than similar models sold by the parent companies, f.o.b. United States plant; the cost of the duty to purchasers (estimated at \$1.2 million annually, 1969-71) looms large, especially when compared with the benefits accruing to manufacturers (estimated at \$0.2 million); reduction of the tariff would, in the Board's view, relieve Canadian consumers of some part of the higher prices they are now paying for both imported and domestic projectors as a consequence of the existing rates of duty.

The Board notes that the coincident reductions it recommends in the duties on parts will largely, or wholly, compensate Canadian producers for the loss of protection resulting from the Board's recommended rates for still picture projectors of a class or kind made in Canada.

The provision of rates of Free, B.P., and 10 p.c., M.F.N., on still picture projectors of a class or kind made in Canada and a rate of Free on those which are not made in Canada is intended to give Canadian consumers duty-free access to goods not available from

Canadian production while providing a reasonable level of protection and giving Canadian producers an incentive to meet the requirements of a made in Canada ruling in order to qualify for the protection recommended by the Board on still picture projectors of a class or kind made in Canada.

The Board is of the view that it is not necessary to distinguish between still picture projectors with sound and those without sound.

Therefore, in respect of the still picture projectors provided for by tariff items specifically referred to it, the Board recommends the following rates:

when of a class or kind made in Canada;

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	10 p.c.	20 p.c.

when of a class or kind not made in Canada;

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	10 p.c.

The Board also recommends that most parts of the foregoing be dutiable at

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	10 p.c.

MOTION PICTURE PROJECTORS AND PARTS

An estimated 50,000 to 60,000 motion picture projectors with a cost to final purchasers of about \$13 million was required to supply the average annual Canadian demand in recent years. Less than one-half of the total demand appears to have been assembled in Canada by two companies, Kodak Canada and Bell & Howell. In the case of Kodak Canada, the projectors are assembled entirely from parts supplied by its United States parent; Bell & Howell's production makes use of some Canadian parts in its assembly operations.

Despite the substantial share of the Canadian market enjoyed by these firms, it is unlikely that, together, they employ as many as one hundred workers in the assembly of motion picture projectors.

On an average, some 28,000 projectors have been imported annually in recent years. These are predominantly 8 mm. projectors without sound originating mainly in Japan and the United States and more recently, in Austria; in 1972, these three countries shared the Canadian market about equally in terms of units exported to Canada. All of the imports which compete with the Canadian products are 8 mm. (nearly 90 per cent of imports) and 16 mm. (8 per cent) projectors. Some three per cent of the imports do not compete with Canadian projectors; these include small numbers of 35 mm., 70 mm., and special types.

Only the M.F.N. Tariff is of competitive importance because nearly 99 per cent of all imports originate in M.F.N. countries; the balance come from B.P. countries, notably Britain. No imports are reported under the General Tariff.

Exports are not a significant factor as a market for Canadian movie projectors because the Canadian firms were established by their United States parent companies primarily to serve the Canadian market.

The Board considers that film-width cannot be used to distinguish between motion picture projectors for use by amateurs and those for use by professionals. Nor does the Board consider the presence or absence of sound capability as a satisfactory basis for distinguishing between projectors of a class or kind made in Canada and those not made in Canada. In any event, the Board feels that no distinction need be made as regards sound capability, or as regards professional and amateur use, in the case of motion picture projectors. Furthermore, the Board is of the view that there is no valid reason to provide for different rates for motion picture projectors without sound and those with sound.

The Board notes that free entry of parts would largely or wholly compensate for a reduction of the M.F.N. duty from 15 p.c. to 10 p.c. on projectors of a class or kind made in Canada. The provision of a 10 p.c., M.F.N. rate on motion picture projectors of a class or kind made in Canada and free entry for those which are not is intended to give Canadian consumers duty-free access to goods not available from Canadian production while maintaining a reasonable level of protection and giving Canadian producers an incentive to meet the requirements of a made in Canada ruling in order to qualify for the protection recommended by the Board on still picture projectors of a class or kind made in Canada.

The M.F.N. duty on imported motion picture projectors increases their cost to Canadian consumers and allows Canadian producers to price their products up by the amount of the duty. The total additional cash cost to consumers resulting from the duty is estimated to exceed the benefits to producers in a ratio of 4.5 to 1. It seems to the Board that the cost to consumers as a consequence of the existing level of protection, is unnecessarily high in relation to the benefits derived by manufacturers. This is especially so given the fact that no significant use of Canadian resources has resulted from the available tariff protection.

Therefore, in respect of the motion picture projectors provided for by tariff items specifically referred to it, the Board recommends the following rates:

when of a class or kind made in Canada;

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	10 p.c.	30 p.c.

when of a class or kind not made in Canada;

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	20 p.c.

The Board also recommends that most parts of the foregoing be dutiable at

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	20 p.c.

PHOTOGRAPHIC PROCESSING EQUIPMENT

The Canadian market for photographic processing equipment is estimated at nearly \$15 million at the distributor level. The term "processing equipment" in this Report is to be understood to include not only equipment used in developing and printing films but also all other goods used in the production of finished films, prints and slides, including grading and renovation equipment. Almost all equipment for photographic processing is imported; Canadian production fills only a minute share of the demand and employs very few people.

There are no statistics of exports of photographic processing equipment, but they are thought to be quite small.

The Canadian market for virtually all of the variety of individual items of photographic processing equipment is so small as to give little encouragement to the establishment of a viable Canadian production; economic runs are improbable without export markets, and they are unlikely to develop.

While 87 per cent of processing equipment now enters Canada duty-free, the remainder, which is now dutiable, consists in large part of items not named in the relevant tariff items providing for free entry; they are therefore generally entered at 15 p.c. under the basket item 46200-1. Many of these are newly developed products and they are not known to be made in Canada or, generally speaking, to compete with Canadian products.

Most photographic processing equipment has entered Canada duty-free and in the Board's opinion, no major departure from this policy is indicated. No request for tariff protection has been made to the Board. However, it is possible that in a few cases, some degree of protection might become desirable at some time in the future.

Almost all imports of processing equipment originate in M.F.N. countries. The recommendation of rates of Free, B.P., and 10 p.c., M.F.N., on photographic processing equipment of a class or kind made in Canada and a rate of Free on that which is not made in Canada is intended to give Canadian users duty-free access to goods not available from Canadian production while maintaining a reasonable level of protection and giving existing Canadian manufacturers an incentive to qualify for the protection recommended by the Board on equipment of a class or kind made in Canada.

The Board therefore generally recommends that the duty on photographic processing equipment, and parts thereof, be as follows:

when of a class or kind made in Canada;

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	10 p.c.	20 p.c.

when of a class or kind not made in Canada;

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	10 p.c.

In the Board's recommendations the word "processing" is to be interpreted narrowly, that is to cover the developing and printing of sensitized materials. Equipment used in the further processing of films, prints and slides is described as "finishing equipment".

ANCILLARY EQUIPMENT AND ACCESSORIES

The ancillary photographic equipment and accessories manufactured in Canada does not appear to have captured a substantial part of the Canadian market and Canadian production supplies less than ten per cent of the domestic demand. Imports, on the other hand, supply nearly \$23 million of the estimated annual sales of about \$25 million, valued at the distributor level.

Except for Leitz accessory lenses, exports are negligible.

For much the same reasons as applied to photographic processing equipment, significant manufacturing has not been developed in Canada; and there seems to be little prospect, in the short term, of appreciable additional domestic production of ancillary equipment and accessories. The success of the Leitz accessory lens enterprise is a special case which could, of course, be repeated.

Only imports to which M.F.N. rates of duty apply have any significance to the industry in Canada since 95 per cent of imports originate in M.F.N. countries; over 90 per cent come from the United States, Japan and the Federal Republic of Germany. Imports under the B.P. Tariff supply only a very small part of the Canadian demand and imports under the General Tariff represent less than one per cent of the total. About 80 per cent of the imports of ancillary equipment and accessories are subject to duty.

The Board can find no valid reason for maintaining duties on the wide ranging list of ancillary photographic equipment and accessories which are not now and are not likely to be made in Canada in the foreseeable future. Most of these items are not named in the relevant tariff items providing for free entry; they have generally been entered at 15 p.c. under the basket item 46200-1. Such duties add substantially to the costs of the professional and hobbyist cameraman alike without any matching benefit.

Almost all imports of ancillary equipment and accessories originate in M.F.N. countries. The recommendation of rates of Free, B.P., and 10 p.c., M.F.N., on ancillary equipment and accessories of

a class or kind made in Canada and a rate of Free on those which are not made in Canada is intended to give Canadian consumer duty-free access to goods not available from Canadian production while maintaining a reasonable level of protection and giving existing Canadian manufacturers an inducement to undertake production in Canada which will qualify for the protection recommended by the Board for goods of a class or kind made in Canada.

The Board therefore recommends, generally, that ancillary equipment and accessories, and parts thereof, be dutiable at the following rates:

when of a class or kind made in Canada;

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	10 p.c.	20 p.c.

when of a class or kind not made in Canada;

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	10 p.c.

FLASH BULBS AND FLASHCUBES

Flash bulbs and flashcubes which, like film, are expendable supplies in photography have been considered as being outside the terms of reference which relate rather specifically to conventional and non-conventional photographic equipment, accessories, processing and ancillary equipment.

There is no specific provision in the Customs Tariff for single flash bulbs, nor for electrically- or mechanically-ignited groups of bulbs (flashcubes). As a result, single flash bulbs are entered under tariff item 44504-1 which provides for electric light lamps, n.o.p.; electrically-ignited flashcubes and similar products are under basket tariff item 44524-1 which provides for electrical apparatus, and complete parts thereof, n.o.p.; mechanically-ignited flashcubes are under basket tariff item 46200-1 which covers photographic instruments, n.o.p., and parts thereof. Parts not covered by the first two items are dutiable according to their own nature. Tariff item 46200-1 was specifically referred to the Board "in so far as it relates to photographic equipment". Items 44504-1 and 44524-1, which relate to flash bulbs and flashcubes, were not specifically referred to the Board and are not items which the Board, in the language of the letter of reference, considers "relevant to its enquiry".

Published data on imports and production do not differentiate between the three types of products, i.e. flash bulbs, electrically- and mechanically-ignited flashcubes. There are three producers in Canada which supply about 90 per cent of the market; these companies are identified with the electrical industry which in 1971 produced about \$71 million of lamps including some \$9 million of flash bulbs and flashcubes. A fairly extensive study of this large

sector of the electrical industry would have been a task of considerable scope and magnitude. The Board makes no recommendation as to the rates of duty on flash bulbs and flashcubes.

As regards nomenclature, however, the Board has recommended a new basket provision for photographic and cinematographic apparatus, n.o.p., under the appropriate Heading (90.13) of the B.T.N. Because of the need to avoid the existence of two basket items for these goods, it has also recommended the deletion of the word "photographic" from the existing basket item 46200-1. However, mechanically-ignited flashcubes are not in Heading 90.13 of the B.T.N. and some other provision is therefore required. As mechanically-ignited flashcubes are covered by Heading 90.07, the Board has relocated the provision for these goods, at the existing rates, in a separate item under this Heading.

SLIDES AND FILMSTRIPS

Slides and filmstrips are brought into this Reference as a consequence of the wording of tariff item 46300-1, which was specifically referred to the Board:

46300-1 Still picture projectors, and slides and film strips therefor, n.o.p.

The Board notes that this is the residual tariff provision for slides and filmstrips and applies to only a small part of the imports of such products. The other tariff items applicable to these products were not specifically referred to the Board.

Slides and filmstrips, including microfilms and microfiche, are products of a large industry which although related to the photographic equipment industry is quite separate in terms of production and markets. A study of this industry would extend to the publishing and reproduction industries and, generally, to the storage and dissemination of information. This would have been a task of some magnitude, particularly in the absence of public data.

Thus the Board makes no recommendation as regards the duties on slides and filmstrips. However, as a consequence of recommending the removal of still picture projectors from tariff item 46300-1, a revision in the wording of that item is necessary and the Board has made provision for slides and filmstrips, without change in rates, under the appropriate Heading of the B.T.N., 37.05.

EQUIPMENT FOR MOTION PICTURE PRODUCTION

There is virtually no Canadian production of equipment used in professional motion picture production, except for some related sound equipment. About half of the estimated imports of \$10 million per year (1969 to 1971) were entered under tariff items 46220-1 and 46245-1 which provide for duty-free entry for certain equipment when

for use by professional motion picture producers with studios in Canada. Television stations are considered as qualifying to use these items; imports of videotape recorders and other goods by television stations accounted for approximately 50 per cent, or \$2.5 million, of the imports under the two tariff items.

The estimated balance, about \$5 million, of the total imports comprised dutiable and duty-free imports of goods under other tariff items. It includes importations of other motion picture production equipment by producers with studios as well as all importations by producers without studios, film editors and others not qualifying to use tariff items 46220-1 and 46245-1.

Almost all imports originate in M.F.N. countries.

Two factors are mainly accountable for the substantial annual imports of dutiable professional movie equipment: technological change in the equipment, and structural change in the motion picture production industry. Technological change led to the development of many new kinds of products not specified in items providing duty-free entry and, therefore, usually dutiable under basket item 46200-1. Structural change was associated with the organization of film processing laboratories, optical and sound effect studios, and other service establishments not associated with a motion picture studio in the context of items 46220-1 and 46245-1 and, therefore, not qualified to import the equipment specified in these items, free of duty.

In 1972, gross revenues of the private sector of the motion picture industry exceeded \$36 million, including revenues from film rental and the operations of processing and printing laboratories. In that year, the private sector provided employment for 1,156 persons and wages and salaries totalled \$9.2 million. In 1970, the most recent year for which continuous data are available, the private and public sectors together produced a total of 4,893 films of which 25 were feature films and the remainder short subjects of varying running times, including 2,838 commercials, mainly for television. The total footage of film printed by Canadian laboratories exceeded 106 million feet in 1970 (in terms of the running time of 16 mm. film), of which 87 per cent was, in fact, 16 mm. film.

The motion picture industry could be assisted by permitting it to obtain the generally very expensive equipment needed for high quality image and sound production at the lowest possible cost. This would require the elimination of certain duties and the reduction of others on a wide range of such equipment.

Before proceeding to specific tariff recommendations, there are a number of issues raised by the industry which were required to be considered and resolved by the Board.

Should the Customs Tariff continue to differentiate between motion picture producers who have studios equipped for motion picture production in Canada and producers who do not have such studios; should the Customs Tariff distinguish between producers who have studios in Canada and others, such as film editors, film laboratories, optical effects studios and sound studios, who perform similar functions and provide the specialized services to meet the requirements of the motion picture industry today?

The Board considers that both distinctions should be removed. In this respect it agrees with the representations made by the industry. The provision regarding ownership of a studio is an anachronism in view of the changes which have taken place in the industry. Furthermore, such a provision discriminates against certain other sectors of the industry such as those mentioned in the preceding paragraph.

A related question is whether television stations which, for purposes of the Customs Tariff, are deemed to be motion picture producers having studios in Canada, should continue to have preferred tariff treatment over cablevision stations, which are not so regarded.

There was no opposition at the public hearing to the position taken by the cablevision companies that the administration of the Customs Tariff should not differentiate between television and cablevision stations. The Board agrees with the representations of the cablevision companies and, therefore, recommends appropriate changes in nomenclature and rates to ensure equal tariff treatment in this respect for cablevision and television stations.

As to the issue of whether or not the Customs Tariff should differentiate between professional and amateur motion picture equipment, the Board has concluded that it is no longer practical, for customs purposes, to make such a distinction and that there is no reason to provide for higher rates of duty on equipment used by amateurs. The Board has already, in an earlier section of this Chapter, reached such a conclusion with respect to motion picture cameras, the product to which this issue is most relevant.

The issue as to whether television equipment should be treated as photographic equipment is discussed in some detail in Chapters 6 and 8 of this Report. Image capturing television equipment, normally television cameras, converts images into electrical impulses for direct transmission through the air or by the cablevision stations to their subscribers, and for recording, simultaneously if so desired, on videotape recorders. These cameras are not now considered to be photographic equipment for Customs purposes, nor are they so considered in the B.T.N. Television cameras are imported under a tariff item not specifically referred to the Board; no recommendation is made with respect to them. The Board has, however, sought to provide for all products entered under tariff item 46245-1 by television stations, and has recommended the continuation of duty-free entry, now accorded under items specifically referred to it, for motion picture cameras, videotape recorders and sound equipment, and film editing equipment, of a class or kind not made in Canada, entered by television stations. It has also recommended that the same treatment be extended to cablevision stations.

Finally the Board considered the situation as regards sound equipment for motion picture production. Unlike most other equipment for motion picture production, almost all of which is imported, Canadian-made sound control equipment for motion picture production appears to supply more than 80 per cent of the estimated Canadian demand. The Canadian sound equipment manufacturers are internationally recognized; they are meeting the competition of duty-free imports from the United States and Britain, and they have developed export outlets in the face of foreign competition and the tariffs of importing countries. Because much of the sound equipment is made to a customer's

individual specifications, it may well be that the competition of foreign imports is thereby reduced. In any event, no evidence or information was presented to the Board which might have called for high duties on imported sound equipment for motion picture production.

The Board's recommendation is that specialized sound equipment for use in the production of motion pictures should be classified in accordance with the B.T.N. and be dutiable when of a class or kind made in Canada.

The effect of the existing rates of duty on motion picture production equipment has been to raise substantially the costs of certain equipment to film producers, film editors, sound studios, optical effects studios and film laboratories which cannot qualify to import such goods free of duty because they are not "professional motion picture producers having studios in Canada equipped for motion picture production".

The additional cost of duties to users is thought to be of the order of about one million dollars a year. However, because there is no Canadian production of professional motion picture production equipment (excepting related sound equipment) no benefits accrue to Canadian manufacturers from the duty, nor is there any employment created or resources used.

In very broad terms, the Board is recommending that equipment for motion picture production be entered free of duty unless it is of a class or kind made in Canada. Specific tariff changes necessary to carry out the Board's recommendations are detailed in Chapter 10.

PHOTOCOPY EQUIPMENT

Imports of photocopy equipment and parts have tripled between 1966 and 1972, from \$17 million to \$52 million. They constitute between 35 and 40 per cent of all imports of photographic equipment under the twenty tariff items specifically referred to the Board. Imports of other photographic equipment doubled over the same period.

The demand for photocopy equipment is expected to continue at a high rate. In 1971 the photocopy business in Canada was worth well over \$150 million. The bulk of this business is in rentals and in servicing of equipment and sale of supplies.

Given the size of the Canadian market and its rapid rate of growth, the Board sought the reasons why no photocopy equipment is yet made in Canada. A number of reasons were offered which are common to other branches of the photographic equipment industry and indeed to other sectors of Canadian industry generally. The high cost of keeping abreast of the rapid rate of technological change is often cited. Most often, as in so many other cases, the reason advanced is the small size of the Canadian market; it is pointed out that whereas the over-all size of the market may be appreciable, the market for most of the great variety of models of photocopy machines distributed in Canada is small in relative and in absolute terms.

Yet there does exist a substantial market for a small number of popular models. These are made and distributed by large United States manufacturers -- especially Xerox which enjoys more than 60 per cent of the Canadian market -- and which are well established in the Canadian market. In view of this, it is difficult to see how an independent domestic manufacturer could capture and hold a sufficient share of the Canadian market to make his operation a viable one.

The production in Canada of at least the most popular imported models depends, in the last analysis, on the parent companies' production and export policies, and on the influence which tariff and other governmental measures might have on those policies.

The same could be said concerning the production or procurement in Canada, and the export, of parts and components for photocopiers.

The production and/or assembly of photocopiers in Canada and the manufacture or procurement in Canada of parts, for the domestic and foreign markets, would employ Canadian resources including manpower, the degree depending on the extent of manufacturing, as against purely assembly operations. Additional Canadian resources would also be used if the reconditioning of photocopiers were done in Canada.

It is impossible, even in retrospect, to say what, if any, degree of manufacturing or assembly operations might have been set up in Canada if some tariff protection had been afforded in the past. It is equally difficult to foresee whether or not some measure of production in Canada might result now from a reasonable degree of tariff protection and/or other governmental action.

The Board is very conscious of the fact that even with free entry for photocopy machines, rental charges and the cost per copy, are higher in Canada than in the United States. However, most of these differences in costs result from the federal sales tax in Canada. Other reasons advanced for the higher costs per copy in Canada include higher costs of distribution, servicing and overhead; these reasons are not as convincing given the fact that the bulk of the photocopying requirements is concentrated in large urban markets.

The Board considers that a quite moderate level of tariff protection might be made available if and when it becomes necessary to encourage and support, in this way, the establishment and maintenance in Canada of production facilities for photocopier equipment and parts. To the extent possible, this protection should not extend to the kinds of photocopiers which would still have to be imported. The Board is also of the view that until photocopiers are made in Canada in sufficient quantities to meet a substantial percentage of the Canadian demand, there should be no question of imposing a duty on them and that parts, and accessories which are clearly for use with photocopiers, should be entered free of duty.

MICROFILM EQUIPMENT

The market for microfilm equipment has been increasing rapidly and, it has been estimated, will reach \$10 million in the next three years or so. The "information explosion" is expected to

maintain at least the 15 per cent annual rate of growth of the market attained during the period, 1966 to 1971. However, the present and potential market is not as large as for photocopiers.

Most microfilm equipment -- cameras, processors, duplicators, readers or viewers, reader-printers and computer output microfilm (COM) equipment -- tends to be very expensive and the demand for most models or pieces of equipment is likely to remain limited. An exception is low-cost microfiche readers such as those assembled in Canada by Kodak since 1972.

Half of the imports of microfilm equipment are now duty-free; about 95 per cent of all imports between 1970 and 1972 were from M.F.N. countries. The average rate of duty on dutiable equipment was about 15 per cent. This is the rate which would apply to equipment which competes with the low-cost microfiche reader now being assembled in Canada by Kodak.

The Board recommends that microfilm equipment, including parts, accessories and attachments, when of a class or kind not made in Canada, be entered duty-free under the B.P. and M.F.N. Tariffs with corresponding reductions in the General Tariff rates. Should any of this equipment, including accessories or attachments, qualify as being of a class or kind made in Canada, the Board has provided what it considers appropriate rates of duty. These recommendations are intended to give Canadian users duty-free access to goods not available from Canadian production while giving Canadian manufacturers some inducement to undertake production in Canada which will qualify for the protection recommended by the Board on goods of a class or kind made in Canada.

The Board has noted that computer output microfilm (COM) equipment is also before it in Reference 150 - Computers and Related Telecommunications Equipment. Its recommendations in Reference 147, therefore, will be subject to review when Reference 150 is completed. For the present, the Board recommends that when components of a COM system are imported separately, each component should continue to be classified according to its own nature; for self-contained COM systems, new tariff items are recommended. This accords with the B.T.N. The new tariff items would provide free entry, under the B.P. and M.F.N. Tariffs, for self-contained COM systems as long as they are held to be of a class or kind not made in Canada, but continue the existing rates of duty under tariff item 46200-1 for any systems which might be ruled to be of a class or kind made in Canada.

BLUEPRINT EQUIPMENT

Blueprint, whiteprint and brownprint equipment is not made in Canada and is imported mostly from the United States. The Canadian demand for this equipment has been declining for some years because the prints are being replaced by microfilm. In recent years, imports of this equipment have fallen to a level well below \$1 million a year.

The Board recommends that all blueprint equipment, along with parts, accessories and attachments, continue to be entered free of duty under the B.P. and M.F.N. Tariffs, when of a class or kind not made in Canada.

CHAPTER 10: RECOMMENDED TARIFF ITEMS

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CHAPTER 10: RECOMMENDED TARIFF ITEMSINTRODUCTION

This final Chapter sets out the Board's recommendations as regards Tariff Nomenclature, Classification and Rates.

The recommended tariff items are based on the Brussels Tariff Nomenclature. They are related to the appropriate Chapters and Headings of the B.T.N. and, subject to the minor and inevitable adjustments noted below, are, to the best of the Board's knowledge, fully in accord with the provisions of that internationally accepted tariff structure and nomenclature. (For a brief description of the B.T.N., see Chapter 8, p. 250).

The Board experienced a number of difficulties in using the B.T.N. because the move to that Nomenclature was only a partial one in that it related exclusively to the photographic equipment within the scope of the Reference. Thus the Board was able to use only a few Headings of the B.T.N. in their entirety. When necessary, it has extracted certain products from other applicable Headings and, of course, its recommendations apply only to those products. In two cases, the Board has found it expedient to provide in a single item for goods falling under more than one Heading of the same Section of the B.T.N.; this was done to avoid an undue proliferation of tariff items. Similarly, with respect to photographic and cinematographic backgrounds, the Board has recommended one tariff item to cover these, derived from the only B.T.N. Heading in which such goods are named, although full adoption of the B.T.N. would have required items derived from several Headings in a number of different Chapters and Sections, depending upon the material from which the backgrounds are made.

The Board has incorporated the "Section Notes" and "Chapter Notes" of the B.T.N., where they are required, into the wording of its recommended tariff items. In certain cases, the Board has subdivided the Headings for rate and/or statistical purposes, where it deemed such action to be appropriate and desirable. Again, to the best of the Board's knowledge, the Rules and Notes of the B.T.N. have been fully respected.

In order to deal with all the goods which it considered relevant to the Reference, the Board has made recommendations which affect the coverage of a number of tariff items not specifically referred to it, that is certain goods have been removed from these tariff items. With respect to the goods so extracted, the Board has recommended changes in rates, where it considers this desirable, to bring the duties in line with those recommended for related products classified in tariff items specifically referred to the Board. In seven cases, new tariff items are recommended only to ensure completeness of the proposed nomenclature. These items are so identified in the Recommended Schedule. With one exception, these items are shown with the existing rate of duty: for textile wrist or neck straps, the Board shows the lowest applicable existing rate under each of the B.P., M.F.N. and General Tariffs, because a large number of tariff items would have been required to show the various existing rates applicable to products made from different textile fibres and combinations thereof.

In formulating its recommended tariff items, the Board has also borne in mind existing tariff items which will remain unchanged in the Canadian Customs Tariff. It has also given consideration to existing administrative procedures, particularly where these procedures differ from those which would be involved in the administration of a tariff schedule based completely on the B.T.N.

The Board has recommended that parts be classified as they would be in the B.T.N. As indicated in Chapter 9, it has recommended separate sub-items giving free entry, under the B.P. and M.F.N. Tariffs, for unenumerated parts for cameras and projectors. The Board has usually classified parts of other goods with the products themselves. Where it has recommended that products be made subject to a "class or kind" provision, it has generally recommended similar treatment for parts; consequently, parts of a class or kind not made in Canada, for products of a class or kind made in Canada, would enter at the "not made" rates and, similarly, parts of a class or kind made in Canada, for "not made" products, would enter at the "made" rates.

The Board's recommendations deal with a number of products that are essentially electrical in nature. These mainly came before the Board either as parts of products imported under tariff items specifically referred to the Board, often admissible under the same items as the products themselves, or as goods classified under tariff item 46245-1 which are free of duty under the B.P. and M.F.N. Tariffs when imported for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production. When not classified as described above these goods are dutiable under the electrical schedule. The Board's recommendations for such goods are applicable only when they are for use in photography, cinematography, television or cablevision and free entry, where it is recommended, would be granted only on those goods which are of a class or kind not made in Canada. For products of a class or kind made in Canada, the Board has recommended rates equal to or only slightly reduced from those now applicable under the electrical schedule.

As noted in Chapter 9, the Board has, throughout the Report, used the words "processing equipment" broadly to cover not only equipment used in developing and printing films, but also all other goods used in the production of finished films, slides and prints, including renovation and grading equipment. In the recommended items, however, the word "processing" is to be interpreted narrowly, that is to cover the developing and printing of sensitized materials. Equipment used in the further processing of films, prints and slides is described as "finishing equipment".

Section 18 of An Act Respecting the Duties of Customs (The Customs Tariff), R.S. 1970, c. C-41, gives the Governor in Council, on the recommendation of the Minister of National Revenue, authority to prescribe rules and notes for use in administering items in Group XII of Schedule A, which covers products of the chemical, plastics and allied industries. The tariff items in Group XII were derived from the B.T.N., and the Governor in Council, in prescribing such rules and notes, is directed to be guided, as nearly as may be, by the B.T.N. and its Explanatory Notes. The Board recommends that enabling legislation be sought in the form of an

amendment to this Section, to extend its application to cover the new photographic schedule, which is also derived from the B.T.N. Such an amendment would make it possible to prescribe appropriate rules and notes should unforeseen difficulties arise in the administration of the recommended schedule, such as conflicts between this schedule and other provisions of the Customs Tariff.

There follow below the Board's recommendations in detail, including the schedule of tariff items which it recommends. The relationship between the recommended tariff schedule and the existing Canadian Customs Tariff is set out in Appendices I and II. The first repeats the recommended items in accordance with the appropriate Heading, Chapter or Section of the B.T.N., and explains with respect to each item what existing Canadian tariff items and rates are believed to be involved. Appendix II is divided into two parts; the first part explains how the existing tariff items which were specifically referred to the Board have been dealt with to arrive at the new schedule of recommended tariff items, while the second part gives some explanation of the effects of the Board's recommendations on tariff items not specifically referred to it. The classifications of goods as shown in Appendices I and II are based on the best information available to the Board but may not, in all cases, be accurate. The classifications were not intended and should not therefore be considered to be definitive or binding in the administration of the existing tariff schedules or of the recommended schedule when implemented in whole or in part.

THE BOARD'S RECOMMENDATIONS

The Board recommends:

1. That tariff item 46200-1 be amended by deleting the word "photographic".
2. That the Customs Tariff be amended by deleting from Schedule "A", tariff items 46205-1, 46210-1, 46215-1, 46220-1, 46225-1, 46230-1, 46235-1, 46240-1, 46241-1, 46245-1, 46300-1, 46305-1, 46310-1, 46315-1 and 46320-1.
3. That Order in Council P.C. 1969-1706, of September 11, 1969, establishing tariff item 46200-2, be revoked.
4. That the Customs Duties Reduction Regulations, made by Order in Council P.C. 1971-1402, of July 13, 1971, as amended, be further amended by deleting therefrom tariff items 46255-1, 46325-1 and 46330-1.
5. That Section 18 of the Customs Tariff be amended to make it applicable also to the new photographic schedule.
6. That the following headings and items be inserted in Schedule "A" to the Customs Tariff:

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
*37.05-1 Slides, filmstrips and microfilms, n.o.p.	Free	15 p.c.	25 p.c.
39.07-6 Spools, reels or other supports, of plastic, for photographic or cinematographic film, for use as original equipment with cameras or projectors ..	Free	Free	15 p.c.
39.07-7 Print or film clips, of plastic; print tongs, of plastic; stirring rods, of plastic, for use in photographic or cinematographic processing; parts of all the foregoing	Free	Free	10 p.c.
*39.07-8 Wrist or neck straps, of plastic, for use with photographic or cinematographic equipment	15 p.c.	17½ p.c.	30 p.c.
*42.02-1 Carrying cases or containers, n.o.p., for use with photographic or cinematographic equipment	12½ p.c.	20 p.c.	40 p.c.
*42.05-1 Wrist or neck straps, of leather, for use with photographic or cinematographic equipment	15 p.c.	17½ p.c.	35 p.c.

* Items included for completeness of Nomenclature

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
59.12-1	Photographic or cinematographic back-grounds; parts thereof ...	Free	Free	10 p.c.
62.05-1	Film changing bags; parts thereof	Free	Free	10 p.c.
*62.05-2	Wrist or neck straps, of textile fabrics, for use with photographic or cinematographic equipment	20 p.c.	22½ p.c.	35 p.c.
70.17-1	Stirring rods, of glass, for use in photographic or cinematographic processing	Free	Free	10 p.c.
XV-1	Spools, reels, or other supports, of base metal or alloys thereof, whether or not coated or plated, for photographic or cinematographic film, for use as original equipment with cameras or projectors	Free	Free	15 p.c.
82.03-1	Print tongs, of base metal or alloys thereof, whether or not coated or plated; parts thereof	Free	Free	10 p.c.
83.05-1	Print or film clips, of base metal or alloys thereof, whether or not coated or plated; parts thereof	Free	Free	10 p.c.
	Lighting equipment, n.o.p., not including light bulbs, for use in photography or cinematography; parts thereof			
83.07-1	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
83.07-2	Of a class or kind not made in Canada	Free	Free	10 p.c.
84.08-1	Non-electric motors for photographic or cinematographic cameras or projectors; parts thereof ...	Free	Free	15 p.c.

* Items included for completeness of Nomenclature

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
84.18-1	Filtering or purifying machinery and apparatus, or combinations thereof, for liquids or gases; parts thereof; all the foregoing for use in photographic or cinematographic processing	Free	Free	10 p.c.
84.22-1	Dollies or other mobile mounting units for cinematographic cameras, n.o.p.; parts thereof	Free	Free	15 p.c.
	Self-contained apparatus for the recording of computer output on microfilm:			
84.53-1	Of a class or kind made in Canada	2½ p.c.	15 p.c.	30 p.c.
84.53-2	Of a class or kind not made in Canada	Free	Free	15 p.c.
	Electric motors for photographic or cinematographic cameras or projectors; parts thereof			
*85.01-1	Of a class or kind made in Canada	15 p.c.	15 p.c.	37½ p.c.
85.01-2	Of a class or kind not made in Canada	Free	Free	22½ p.c.
85.01-3	Electric motor drives for photographic cameras; parts thereof	Free	Free	15 p.c.
	Electric rectifiers or generators for use with cinematographic projectors; parts thereof			
85.01-4	Of a class or kind made in Canada	Free	15 p.c.	35 p.c.
85.01-5	Of a class or kind not made in Canada	Free	Free	20 p.c.
85.10-1	Portable electric battery or magneto lamps (lighting appliances), for use with cameras or projectors; parts thereof, not including batteries or bulbs ...	Free	Free	10 p.c.

* Items included for completeness of Nomenclature

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
85.12-1	Electric heaters for photographic solution; parts thereof	Free	Free	10 p.c.
	Monophonic headphones, with or without attached microphones, for use in the recording, processing or reproduction of cinematographic sound, or of sound on videotape, or in the transmission of sound by television or cablevision stations; parts thereof, n.o.p.			
85.13-1	Of a class or kind made in Canada	12½ p.c.	15 p.c.	25 p.c.
85.13-2	Of a class or kind not made in Canada	Free	Free	10 p.c.
	Microphones and stands therefor, including booms; all the foregoing for use in recording cinematographic sound or on videotape or for the transmission of sound by television or cablevision stations			
85.14-1	Of a class or kind made in Canada	7½ p.c.	7½ p.c.	25 p.c.
85.14-2	Of a class or kind not made in Canada	Free	Free	15 p.c.
85.14-3	Parts and materials for use in the manufacture or repair of the goods enumerated in tariff items 85.14-1 and 85.14-2	Free	Free	15 p.c.
	Loudspeakers; audio-frequency amplifiers; all of the foregoing for use in the recording, processing or reproduction of cinematographic sound, or of sound on videotape, or for the transmission of sound by television or cablevision stations; parts, n.o.p., of all the foregoing			
85.14-4	Of a class or kind made in Canada	Free	15 p.c.	25 p.c.
85.14-5	Of a class or kind not made in Canada	Free	Free	10 p.c.

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
	Sound mixing units, excluding units specialized for cinematography, whether or not containing audio-frequency amplifiers, for use in the recording or processing of cinematographic sound or of sound on videotape or in the transmission of sound by television or cablevision stations; parts thereof, n.o.p.			
85.22-1	Of a class or kind made in Canada	12½ p.c.	15 p.c.	25 p.c.
85.22-2	Of a class or kind not made in Canada	Free	Free	10 p.c.
85.22-3	Remote control apparatus used to control photographic or cinematographic cameras or projectors without being connected thereto; parts thereof	Free	Free	10 p.c.
	Stereophonic headphones, with or without attached microphones, for use in the recording, processing or reproduction of cinematographic sound, or of sound on videotape, or in the transmission of sound by television or cablevision stations; parts thereof, n.o.p.			
85.22-4	Of a class or kind made in Canada	12½ p.c.	15 p.c.	25 p.c.
85.22-5	Of a class or kind not made in Canada	Free	Free	10 p.c.
	Insulated (including enamelled or anodised) electric wire, cable, bars, strip and the like, whether or not fitted with connectors; All the foregoing for use as parts of or directly with photographic or cinematographic equipment of all kinds, photographic			

B.P. M.F.N. General

Electrical apparatus for making and breaking electrical circuits, for the protection of electrical circuits, or for making connections to or in electrical circuits (for example, switches, relays, fuses, lightning arresters, surge suppressors, plugs, lampholders and junction boxes); resistors, fixed or variable (including potentiometers), other than heating resistors; printed circuits; switchboards and control panels; parts of all the foregoing

All the foregoing for use as parts of or directly with photographic or cinematographic equipment of all kinds, photographic or cinematographic lighting equipment or the goods enumerated in tariff items

85.13-1, 85.13-2, 85.14-1, 85.14-2, 85.14-4, 85.14-5, 85.22-1, 85.22-2, 85.22-4, 85.22-5, 90.10-1, 90.10-2, 92.11-1, 92.11-2, 92.11-3, 92.13-1 and 92.13-2

85.19-1	Of a class or kind made in Canada	12 $\frac{1}{2}$ p.c.	15 p.c.	25 p.c.
85.19-2	Of a class or kind not made in Canada	Free	Free	10 p.c.
85.19-3	Remote control apparatus used to control photographic or cinematographic cameras or projectors when connected thereto; parts thereof	Free	Free	10 p.c.
85.20-1	Arc lamps for cinematographic work; flash tubes for high-speed flash apparatus; parts of the foregoing	Free	Free	10 p.c.

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
	or cinematographic lighting equipment or the goods enumerated in tariff items 85.13-1, 85.13-2, 85.14-1, 85.14-2, 85.14-4, 85.14-5, 85.22-1, 85.22-2, 85.22-4, 85.22-5, 90.10-1, 90.10-2, 92.11-1, 92.11-2, 92.11-3, 92.13-1 and 92.13-2			
85.23-1	Of a class or kind made in Canada	12 $\frac{1}{2}$ p.c.	15 p.c.	25 p.c.
85.23-2	Of a class or kind not made in Canada	Free	Free	10 p.c.
87.14-1	Dollies or other mobile mounting units for cinematographic cameras, not mechanically propelled; parts thereof	Free	Free	15 p.c.
90.01-1	Lenses, prisms, mirrors and other optical elements, of any material, for photo- graphic or cinematographic use, unmounted, other than such elements of glass not optically worked	Free	Free	20 p.c.
	Lenses, prisms, mirrors or other optical elements, of any material, mounted, being parts of or fittings for photographic or cinematographic instruments or apparatus, other than such elements of glass not optically worked; accessories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with the foregoing; parts of all the foregoing			

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
90.02-1	Of a class or kind made in Canada	Free	10 p.c.	25 p.c.
90.02-2	Of a class or kind not made in Canada	Free	Free	15 p.c.
90.05-1	Director's viewfinders; parts thereof	Free	Free	15 p.c.
	Photographic cameras including self-contained camera systems; photo- graphic flashlight apparatus not including electrically-ignited photographic flash bulbs; accessories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with the foregoing; parts of all the foregoing:			
	Photographic cameras:			
90.07-1	Of a class or kind made in Canada	5 p.c.	10 p.c.	25 p.c.
90.07-2	Of a class or kind not made in Canada	Free	Free	15 p.c.
90.07-3	Parts of the goods enumerated in tariff items 90.07-1 and 90.07-2	Free	Free	15 p.c.
	Photographic flashlight apparatus, n.o.p.; parts thereof			
90.07-4	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
90.07-5	Of a class or kind not made in Canada	Free	Free	10 p.c.
*90.07-6	Mechanically-ignited flash bulbs encased in groups; parts thereof	2½ p.c.	15 p.c.	30 p.c.
	Accessories, n.o.p., for use with the goods enumerated in tariff items 90.07-1, 90.07-2, 90.07-4 and 90.07-5; parts thereof			

* Items included for completeness of Nomenclature

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
90.07-7	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
90.07-8	Of a class or kind not made in Canada	Free	Free	10 p.c.
Cinematographic cameras, projectors, sound recorders and sound reproducers; any combin- ation of these articles; all the foregoing not to include sound recorders or reproducers operating solely by a magnetic process except sound recorders combined with cameras or sound recorders or reproducers combined with projectors; acces- sories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with the foregoing; parts of all the foregoing, not including electric motors, light bulbs, electron tubes or exciter lamps:				
Cinematographic cameras whether or not combined with sound recorders; photo-electrical sound recorders				
90.08-1	Of a class or kind made in Canada	5 p.c.	10 p.c.	25 p.c.
90.08-2	Of a class or kind not made in Canada	Free	Free	15 p.c.
90.08-3	Parts of the goods enumerated in tariff items 90.08-1 and 90.08-2	Free	Free	15 p.c.
Accessories, n.o.p., for use with the goods enumerated in tariff items 90.08-1 and 90.08-2; parts thereof				
90.08-4	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
90.08-5	Of a class or kind not made in Canada	Free	Free	10 p.c.

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
	Cinematographic projectors and combination camera- projectors, with or without sound or built-in screens; photo-electrical sound reproducers			
90.08-6	Of a class or kind made in Canada	Free	10 p.c.	30 p.c.
90.08-7	Of a class or kind not made in Canada	Free	Free	20 p.c.
90.08-8	Parts of the goods enumer- ated in tariff items 90.08-6 and 90.08-7	Free	Free	20 p.c.
	Accessories, n.o.p., for use with the goods enumerated in tariff items 90.08-6 and 90.08-7; parts thereof			
90.08-9	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
90.08-10	Of a class or kind not made in Canada	Free	Free	10 p.c.
	Image projectors (other than cinematographic projectors) including microfilm readers and reader-printers; photo- graphic (except cinemato- graphic) enlargers or reducers and combinations thereof; accessories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with any of the foregoing; parts of all the foregoing not including electric motors or light bulbs:			
	Image projectors, with or without sound or built-in screens, including micro- film readers and reader- printers; photographic (except cinematographic) enlargers or reducers and combinations thereof			
90.09-1	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
90.09-2	Of a class or kind not made in Canada	Free	Free	10 p.c.

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
90.09-3	Parts of the goods enumerated in tariff items 90.09-1 and 90.09-2	Free	Free	10 p.c.
	Accessories, n.o.p., for use with the goods enumerated in tariff items 90.09-1 and 90.09-2; parts thereof			
90.09-4	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
90.09-5	Of a class or kind not made in Canada	Free	Free	10 p.c.
	Apparatus and equipment, n.o.p., used in the processing or finishing of photographic or cinematographic films, prints and slides, including grading equipment, renovation equipment and sound mixing units specialized for cinematography, whether or not containing audio-frequency amplifiers; photo-copying apparatus (whether incorporating an optical system or of the contact type) and thermo-copying apparatus; screens for projectors; accessories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with the foregoing; parts of all the foregoing:			
	Apparatus and equipment of a kind used in photographic or cinematographic processing or finishing, n.o.p.; parts thereof			
90.10-1	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
90.10-2	Of a class or kind not made in Canada	Free	Free	10 p.c.
90.10-3	Photo-copying apparatus and thermo-copying apparatus; accessories, n.o.p., for use with the foregoing; parts of all the foregoing	Free	Free	10 p.c.

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
	Screens for projectors; accessories, n.o.p., for use with the foregoing; parts of all the foregoing			
90.10-4	Of a class or kind made in Canada	Free	10 p.c.	35 p.c.
90.10-5	Of a class or kind not made in Canada	Free	Free	25 p.c.
90.13-1	Slide viewers; parts thereof, not including batteries or light bulbs	Free	Free	10 p.c.
90.13-2	Photographic, cinemato- graphic or theatrical spotlights; parts thereof, not including light bulbs	Free	Free	10 p.c.
	Photographic and cinemato- graphic apparatus, n.o.p., not including lighting equipment; parts thereof			
90.13-3	Of a class or kind made in Canada	Free	10 p.c.	25 p.c.
90.13-4	Of a class or kind not made in Canada	Free	Free	15 p.c.
90.14-1	Photographic rangefinders and fitted cases or fitted containers im- ported therewith; parts of photographic rangefinders	Free	Free	10 p.c.
	Thermometers, hygrometers, psychrometers, recording or not; any combination of these instruments; All the foregoing for use in photographic or cinemato- graphic processing or finishing			
90.23-1	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
90.23-2	Of a class or kind not made in Canada	Free	Free	10 p.c.
	Instruments and apparatus for measuring, checking or automatically controlling the flow, depth, pressure or other variables of liquids or gases, or for automatically controlling			

B.P. M.F.N. General

temperature, (for example, pressure gauges, thermostats, level gauges, flow meters, heat meters);

All the foregoing for use in photography or cinematography or in photographic or cinematographic processing or finishing

90.24-1	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
90.24-2	Of a class or kind not made in Canada	Free	Free	10 p.c.

Instruments and apparatus for physical or chemical analysis; instruments and apparatus for measuring or checking viscosity; instruments and apparatus for measuring or checking quantities of heat, light or sound (such as photometers (including exposure meters), calorimeters); accessories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with the foregoing; parts of all the foregoing

All the foregoing for use in photography or cinematography, in photographic or cinematographic processing or finishing, or in the recording or processing of cinematographic sound or of sound on videotape

90.25-1	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
90.25-2	Of a class or kind not made in Canada	Free	Free	10 p.c.

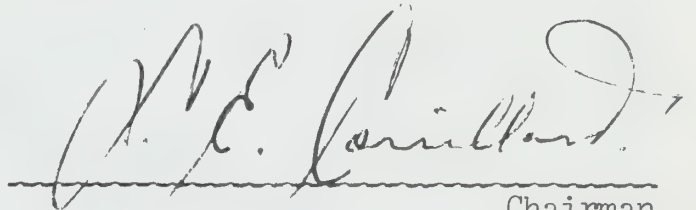
Electrical measuring, checking, analysing, or automatically controlling instruments and apparatus, being the goods, other than parts or accessories, enumerated in tariff items

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
	90.14-1, 90.23-1, 90.23-2, 90.24-1, 90.24-2, 90.25-1 and 90.25-2, when their operation depends on an electrical phenomenon which varies according to the factor to be ascertained or automatically controlled			
90.28-1	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
90.28-2	Of a class or kind not made in Canada	Free	Free	10 p.c.
	Parts of the goods enumerated in tariff items 90.23-1, 90.23-2, 90.24-1, 90.24-2, 90.28-1 and 90.28-2; accessories, n.o.p. (including fitted cases or fitted con- tainers when imported with the goods for which they are designed), for use with the goods enumerated in the said items			
90.29-1	Of a class or kind made in Canada	Free	10 p.c.	20 p.c.
90.29-2	Of a class or kind not made in Canada	Free	Free	10 p.c.
91.00-1	Timing devices for use in photographic or cinemato- graphic processing or finishing; parts thereof	Free	Free	10 p.c.
	Magnetic sound recorders or reproducers, or combina- tions thereof, for use in the production, processing or reproduction of cinemato- graphic sound, or of sound on videotape or for the transmission of sound by television or cablevision stations			
92.11-1	Of a class or kind made in Canada	10 p.c.	10 p.c.	25 p.c.
92.11-2	Of a class or kind not made in Canada	Free	Free	15 p.c.
92.11-3	Television image and sound recorders or reproducers, magnetic, or combinations thereof, for use by tele- vision or cablevision stations, by cinematographic producers, or in the processing or repro- duction of images and sound recorded by cinematographic producers	Free	Free	15 p.c.

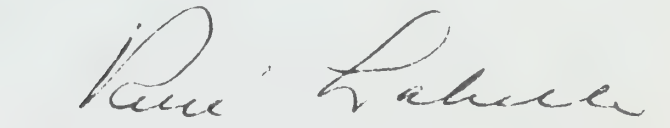
B.P. M.F.N. General

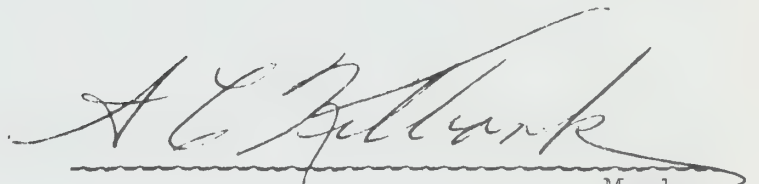
Parts of the goods enumerated
in tariff items 92.11-1,
92.11-2 and 92.11-3;
accessories, n.o.p.
(including fitted cases or
fitted containers when im-
ported with the goods for
which they are designed),
for use with the goods
enumerated in the said
items

92.13-1	Of a class or kind made in Canada	10 p.c.	10 p.c.	25 p.c.
92.13-2	Of a class or kind not made in Canada	Free	Free	15 p.c.


Chairman


First Vice-Chairman


Member


Member

Ottawa, July 10, 1974

MINORITY OPINION

My colleagues have weighed in the balance and found wanting my suggestion that duty-free entry be provided for on goods not produced in Canada by way of a removal of duty provision similar to that in section 12 of the Customs Tariff. In recommending this method as more acceptable than the use of "class or kind made-not made" in Canada, in connection with certain tariff items, I am mindful not only of its advantages in application but of its relevance to the important general considerations raised in the Report. Apart from the problems of nomenclature and level of protection, the Report, in my view, develops three main areas of concern, namely:

1. The high total cost of photographic goods to the Canadian consumer in relation to the relatively small benefits received by producers from the protection afforded. This primarily results from the fact that only a small proportion of the total value of the Canadian market is supplied from domestic sources rather than from the mark-up on Canadian produced goods.
2. The impact of the decision-making powers of the multinational corporations as a result of the nature and structure of the industry.
3. The problem of raising the level of "Canadian content" or securing its economic equivalent in the context of the structure of the industry.

These are matters of general concern and are not peculiar to the photographic equipment industry. Consequently, whatever method is adopted to resolve them should, if at all possible, be acceptable for application under similar circumstances elsewhere in the Tariff. I feel that in attempting to deal with the first of the above problems, on a broad scale the Board is ploughing new ground in an endeavour to establish an equitable relationship between protection objectives and taxation objectives.

At present, the only relevant tariff items incorporating "made" and "not made" provisions are those relating to cameras, and the M.F.N. rates are the same. My colleagues are recommending that this technique be used in the tariff items covering most of the value of the conventional photographic equipment recommended for protection, with duty-free entry under the B.P. and M.F.N. Tariffs for goods of a class or kind not made in Canada. By this method they propose to provide relief from the payment of duty and the burden of its consequences, where such goods are not available from actual Canadian production. In all, there are thirty-one instances where this recommendation is made. In all but six of these, the item incorporates a form of end-use provision in accordance with the more recent practice of providing assistance or guidance in the application of this "made-not made" technique. However, in the remaining six items, the recommendation is made without restriction and these items are the significant items including as they do over half of the value of the conventional equipment covered.

Altogether, this constitutes a rather extensive use of this provision. In view of the problems that are inherent in the use of class or kind, I question the feasibility of its use in these particular applications and suggest an alternative method be used to achieve the objectives sought by the Board.

In my view, examination will show that the use of class or kind demonstrates too many deficiencies to be acceptable as a method of resolving any of the three problems I have listed above. First of all, class or kind as a tariff concept is only interpretable, and as a tariff provision is only acceptable, under the circumstances obtaining today, when it is used restrictively. However, to whatever degree the concept is narrowed by any form of restriction, to that degree it will fail to deal effectively with the broader cost/benefit problem. In the second place any effective broadening of this specificity or base upon which the "made-not made" principle is applied, will be seen to also broaden the scope of decision making by the multinationals, which is even now considered to be a matter for serious concern, and will produce other complications as well. In the third place, its use in any form, without some additional provision in the statutes will provide no better method than we now have for achieving a higher level of Canadian content in return for the protection provided. In short, the class or kind provision does not address itself directly or effectively to the resolution of any of the three issues mentioned above.

Against the proposition that the class or kind provision is only viable in a restrictive context, one can cite instances where it has been provided and indeed continues to exist without such restrictions as "when for use in", etc. However, it will be found that in most of those instances where class or kind was provided without restriction it was enacted in a context that permitted it to be adjudicated in a particular kind of situation, namely, where its effect was to relieve a producer of goods from payment of duty where his requirements could not be met from actual Canadian production. His rather specific requirements were the *raison d'être* for the making of the determination, and the focal point for the class or kind finding as well, the relevant jurisprudence making it clear that while these determinations may be specific, they must not be specious. Therefore, it can be said that in general, the function performed by the use of class or kind has been to provide relief from the payment of duty in rather specific situations and that these situations in most cases had to do with the production of goods. It is a uniquely Canadian concept, a device well-suited as a method of breaching the tariff wall in the interest of lower Canadian costs of production.

However, the recommendation with respect to class or kind in the context of the Board's Report has, in my view, a quite different objective. It is to relieve everybody from the payment of duty because of the general economic effects of duty, and because in the case of the photographic equipment industry these effects are an unjustifiable burden because they are levied on goods not now produced or likely to be produced in Canada. The considerations that would constitute the grounds for providing this relief are quite different from those that are involved in making determinations of class or kind.

In defence of the use of the class or kind provision in the proposed context, it might be said that, as a practical measure, it would enable the Deputy Minister of National Revenue to make ad hoc "not made" decisions applying to categories of goods. Many "not made" rulings and decisions would be accepted and not appealed to the Tariff Board and the Courts and it might also be said that this would lead to a relief from payment of duty on a wide scale. It might be an awkward and indirect route but effective nevertheless.

However, it should be pointed out that, to the extent to which the specificity of the class or kind concept might be obliterated by a multitude of administrative decisions, actual or implied, to that extent, the relevance of 'class or kind' is reduced with the result that we have a simple "made-not made" basis for applying protection. It would thus result in a tariff that would operate automatically, which from the point of view of tariff law would produce an absurd situation. The tariff would become subject to what economists might call a switching effect, "on" when goods are produced, "off", when production ceases. Apart from the general uncertainty and confusion one might expect from this, there is, of course, a more fundamental objection. The *raison d'être* for the tariff is to modify the forces operating in the free market. To make the operation of the tariff dependent upon the results of these forces would be to make it subject to the very forces it is intended to modify, direct and control.

The impact of corporate decision making by the multinational corporations is critical because of their domination of the photographic equipment industry. Canadian operations would be particularly vulnerable to this deficiency of a "made-not made" basis for protection. Photographic equipment in Canada is for the most part produced by multinational corporations. These corporations have parallel or duplicate production in other countries and consequently alternate sources of supply which in the case of the United States is in close proximity to the Canadian market. This gives these corporations great mobility with respect to sources of supply which in any case represents a continuous threat to the stability of their production in Canada. Under such circumstances a purely "made-not made" basis for the tariff would give these companies the option of producing their goods in Canada with the support of a duty or, producing it in the United States or elsewhere with the benefit of duty-free entry. Thus it could be said that they would be given the right to decide whether to be taxed or not taxed, which would be in effect the power to determine the rate of tax on their own goods, i.e., 10 per cent or free. For instance, Kodak alone produces still picture cameras in Canada. There is no place for such decision making in the boardrooms of the multinationals.

Moreover, apart from this extension of the decision making power of the multinationals, it is my opinion that the enactment of what would in effect amount to a purely "made-not made" provision, in the context of the present situation with respect to the production of photographic equipment, would be bad legislation. For the multinational it would be a law with no penalty and a law with no sanction. In effect, it would be a subsidy, but as legislation a kind of non-law. It would result in a legislative absurdity that would nevertheless authorize an unnecessary and unjustifiable erosion of Canadian economic sovereignty. To maintain this sovereignty, Parliament is bound to retain for itself and those to whom it delegates its power, the authority to both classify goods and determine the rate of tax.

The problem of increasing the level of Canadian input in photographic equipment production is the third major area of concern. There is at present no specific statutory authority upon which to base decisions with respect to Canadian content in connection with the "made-not made in Canada" provision. Moreover, the question as to what is a reasonable level of Canadian content, in relation to the protection provided, is not a simple one. Appropriate levels of

Canadian content will vary from industry to industry depending among other things upon its production patterns in relation to sources of supply. As will be seen from the Report, the photographic equipment industry is a good example of where real problems exist in raising the level of Canadian content. While there is always the question as to whether everything is being done that can be done, the fact remains that in the case of cameras, as an example, we have to admit the cogency of the reasons for importing parts -- for the United States is the "world's largest and cheapest source of supply for parts" and these parts constitute over two-thirds of the factory value of the goods. In some industries, this low level of Canadian content might be considered unacceptable as a justification for protection.

Closely related to this question is that of achieving through the multinationals the economic equivalent of Canadian content, by way of a policy of specialization in the production of parts for the world markets. This specialization would overcome the disadvantages arising from the relatively small size of the Canadian market for the production of any one type of photographic goods. While the effect of such a policy in increasing the level of Canadian content in respect to Canadian produced finished goods might only be nominal, the specialization in the production of parts or some other form of international rationalization might, on the other hand, go a long way toward redressing our unfavourable balance of trade in photographic goods. Many of the economic benefits we seek by upgrading and increasing 'Canadian content' or otherwise securing its economic equivalent can be found in the rationalization of industry within the framework of the multinational corporation. However, the feasibility of applying a policy of rationalization by the multinational is dependent to some degree upon the levels of duty imposed on their goods by other countries. This fact immediately transfers the question of what to do about national or Canadian content or its economic equivalent, within whatever format it is to be achieved, from the domestic arena to that of the international trade negotiating table.

It is here that governments share with the multinationals the responsibility to take the initiatives that will make it possible for the multinationals to utilize their inherent strength and advantages for the common benefit both of themselves and their host countries. In seeking a solution to this problem it is necessary that machinery be established whereby government can deal with rather than further expose the industry to possible action by the multinationals inimical to the Canadian interest. It should also enable them to negotiate positively in support of the Canadian presence of such corporations. This purpose is unlikely to be accomplished by putting "new wine into old bottles".

Fortunately, the considerations involved in providing the relief from payment of duty sought by the Board are primarily internal and fiscal rather than trade. Therefore, it should be possible to find a method that will adequately cope with this issue as well as corporate decision making and Canadian content, while avoiding the difficulties of using the "class or kind made-not made" provision with its deficiencies in connection with certain of the recommended tariff items. Moreover, it should be possible to accomplish these things without prejudice to Canada's over-all trade negotiating position.

Section 12 of the Customs Tariff establishes a method of procedure that is not only adequate as a means to achieve the relief from payment of duty sought by the Board but also has potential for use in coping with the two remaining problems previously identified. These potentialities are not open if procedure is by way of specific statutory provision. While there is good reason to resist the practice of proceeding by way of Order in Council unnecessarily, the fact is that the administrative action required to deal with these problems will be based purely on economic assessments, rather than the identification of goods. In fact, it might be said that Order in Council is most appropriate as an instrument for the function it would need to perform to achieve these three objectives. Section 12 of the Customs Tariff provides:

"12. The Governor in Council, on the recommendation of the Minister of Finance, may from time to time reduce or remove any duty applicable under any tariff item in Chapters ... of any goods classified, for purposes of this Act, under any one of the said items, and the reduction or removal shall apply under such conditions and for such period as may be specified by the Governor in Council."

From an internal point of view there are a number of advantages in adopting a procedure similar to that of section 12. It would make possible "removal of duty" without at the same time providing an opportunity for the multinational corporations to act to frustrate the over-all intent of the protecting legislation, either by acting singly or in concert.

Use of the Order in Council would permit the pinpointing of areas for removal of duty or continued protection of goods within the headings of the tariff. A good example of this need is the case of still cameras where Canadian production is limited to a comparatively modest price range. All high-priced cameras are imported. Under a provision, similar to that in section 12, Canada could remove duty on cameras in the higher price range, while providing protection to Canadian production.

The power of removal of duties by Order in Council readily lends itself to use in influencing increased Canadian content or other substantively related effort, such as rationalization of production of parts, or the establishment of R & D facilities or other forms of presence by the multinationals.

The use of Order in Council to remove duty for specific periods of time would require a periodic review of the situation in relation to changing Canadian production. Equally important, however, would be the fact that it would also provide an occasion for regular review of the policy adopted in respect to the effectiveness and the equitability of its operation.

It may also be that it will be necessary in the interest of fairness and equity to schedule a program for the progressive bringing into effect of removals or of duty-free entry. This can be readily carried out through administrative action. The report points

to the cumulative upward effect of the duties as a result of markups on the cost of goods at the distributor and retailer levels. However, it also points out that the Canadian retail price for certain photographic production roughly equals the U.S. retail price, plus the Canadian duty and federal sales tax. To the extent that this is the case both the distributor and the retailer will suffer severely from the loss of the increments that the tariff now protects. They will not only feel the pressure of the nominal five per cent recommended reduction in the tariff but also the full impact of the recommended duty-free entry of the imported goods which constitute perhaps four-fifths of the conventional photographic goods they sell. Not only will the impact of these changes be far greater in terms of dollars on the trade than on the manufacturer but the manufacturer will be compensated for reductions in duty by being given free entry for parts. The trade will be forced to rely upon a relatively nominal increase in volume of sales indicated by our 'elasticity' estimates to recover the dollar equivalent of the Canadian markup on U.S. retail price it now enjoys.

Under these circumstances, rather serious readjustments can be expected within the structure of the trade sector of the Canadian photographic industry. The present markups obviously represent income to somebody, employees, landlords, suppliers, utilities, etc. Regard should therefore be had for these possible effects in scheduling removals or otherwise granting duty-free entry.

Viewed from abroad, it would be difficult to defend any attempt to extend the use of an unqualified or unrestricted "class or kind made-not made in Canada" provision. A procedure similar to that of section 12 would avoid the confusion such a use of class or kind on a broad basis would provide in relation to our trading partners. Negotiation of reductions in rates of duty under the tariff would be recognized as a matter quite apart from removals of duty by Order in Council. It would be clear that removal was provided as a relief to the Canadian taxpayer and not as a trade concession. It would be recognized as a short term form of fiscal relief, and those countries receiving the trading advantage of these "removals" would also recognize that these advantages would remain in jeopardy until such time as tariff concessions were made. These short term advantages should act as incentives to the benefiting countries to assure such advantages to themselves in the long term while enabling Canada to evaluate these possible concessions and more readily estimate their value for payment by way of reciprocal trade concessions.

In summary, it would appear to me that while the idea of protecting goods made in Canada and admitting goods not made in Canada duty-free is a worthy tariff making objective, it would result in an absurd situation if it were enshrined without condition or qualification in tariff law. It is the very specificity of class or kind as interpreted by the Tariff Board and the Courts, making it something nearer an exempting provision than a tariff classification, together with its discreet use by the legislator that has made the "made-not made" criterion viable in the tariff. The case for the use of a provision similar to section 12 of the Customs Tariff is a positive one. This will be so whether we view the situation from the point of view of tariff legislation, administrative capability, or whether we

view it in respect to the requirements of the photographic industry, or the interests of the consumer. The internal advantages we seek would all be achieved without prejudice to our tariff negotiating position.


However, I would accept the recommendations of my colleagues with respect to the use of the "class or kind made-not made" concept where it is linked to end-use. This would permit the items to be administered without the problems of identification of class or kind involved with the unrestricted use of the provision, while at the same time providing substantial relief from payment of duty. Moreover, these goods are often those for which free entry would be desirable on the grounds they form an essential part of Canadian costs of production. The bulk of the goods that would fall under these items are not made and are not likely to be made in Canada and consequently, the advantage lost would only be in the area of trade negotiation.

I would, however, recommend that the other items, particularly those covering cameras, projectors and apparatus, n.o.p., be made subject to a removal provision similar to that set out in section 12 of the Customs Tariff. I recommend this method of procedure as capable of more fully achieving the over-all results sought in these instances, than the use of "class or kind made-not made in Canada" without restriction. For these items, I would recommend only the rates recommended by my colleagues for goods of a class or kind made in Canada.

As I see it, the decision to relieve from payment of duty under section 12 would be essentially an economic and fiscal decision involving an evaluation of the economic cost of protection as against the economic input generated. These considerations do not have to do with the classification of goods. The decision for removal of tax would be made on the basis of a policy, and this policy would be open to the same avenue of appeal as any other fiscal policy, namely, to Parliament and the people.

Except as noted above, I concur in the recommendations of my colleagues with respect to nomenclature and rates of duty. I also agree with the Board's objective to "give Canadian consumers duty-free access to goods not available from Canadian production while providing a reasonable level of protection and giving Canadian producers an incentive to meet the requirements" ... of Canadian content "in order to qualify for the protection recommended by the Board ...".

Ottawa, July 18, 1974


 W. T. Dauphinee
 Second Vice-Chairman

APPENDIX I

THE RECOMMENDED TARIFF ITEMS RELATED TO THE EXISTING TARIFF ITEMS

THE RECOMMENDED TARIFF ITEMS RELATED TO THE EXISTING TARIFF ITEMS

In this Appendix, the Board repeats its recommended tariff items, grouped under the Heading, Chapter or Section of the B.T.N. from which they are derived, and indicates the relationship of each to the existing Canadian Customs Tariff items. As noted in Chapter 10, the classifications shown are based on the best information available to the Board and may not, in all cases, be accurate. They are not intended and should not therefore be taken to be definitive or binding in the administration of either the existing tariff schedule or of the recommended schedule when implemented in whole or in part.

1. Extract from Heading 37.05

37.05 Plates, unperforated film and perforated film
 (other than cinematograph film), exposed
 and developed, negative or positive

Recommended Item

37.05-1 Slides, filmstrips and microfilms, n.o.p.

B.P. - Free M.F.N. - 15 p.c. Gen. - 25 p.c.

This recommended item replaces the existing provision for such goods in tariff item 46300-1, without change in rates.

2. Extracts from Heading 39.07

39.07 Articles of materials of the kinds described in
 headings Nos. 39.01 to 39.06

Recommended Items

(1) 39.07-6 Spools, reels or other supports, of plastic,
 for photographic or cinematographic film,
 for use as original equipment with cameras
 or projectors

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

Spools, reels or other supports, for film, for use as original equipment with still or motion picture cameras, are dutiable as parts of the cameras; the relevant items and rates are:

		<u>B.P.</u>	<u>M.F.N.</u>	<u>Gen.</u>
46205-1	Cameras, n.o.p., made in Canada	7½ p.c.	15 p.c. ^(a)	30 p.c.
46210-1	Cameras, n.o.p., not made in Canada	5 p.c.	15 p.c. ^(a)	30 p.c.
46215-1	Large format still cameras	Free	Free	10 p.c.
46220-1	Motion picture cameras, producers with studios	Free	Free	15 p.c.

(a) Temporarily reduced to 10 p.c., February 20, 1973 to June 30, 1974

When for use as original equipment with projectors, these goods would be in tariff item 46325-1, at rates of: B.P. - Free, M.F.N. - Free, General - 30 p.c.; prior to May 8, 1973, the M.F.N. rate was 7½ p.c.

- (2) 39.07-7 Print or film clips, of plastic; print tongs, of plastic; stirring rods, of plastic, for use in photographic or cinematographic processing; parts of all the foregoing

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

All these goods are classified under tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

- (3) 39.07-8 Wrist or neck straps, of plastic, for use with photographic or cinematographic equipment

B.P. - 15 p.c. M.F.N. - $17\frac{1}{2}$ p.c. Gen. - 30 p.c.

These goods are now dutiable, at the same rates, under tariff item 93907-1, an item not specifically referred to the Board.

3. Extract from Heading 42.02

42.02 Travel goods (for example, trunks, suit-cases, hat-boxes, travelling-bags, rucksacks), shopping-bags, handbags, satchels, brief-cases, wallets, purses, toilet-cases, tool-cases, tobacco-pouches, sheaths, cases, boxes (for example, for arms, musical instruments, binoculars, jewellery, bottles, collars, footwear, brushes) and similar containers, of leather or of composition leather, of vulcanised fibre, of artificial plastic sheeting, of paperboard or of textile fabric

Recommended Item

42.02-1 Carrying cases or containers, n.o.p., for use with photographic or cinematographic equipment

B.P. - $12\frac{1}{2}$ p.c. M.F.N. - 20 p.c. Gen. - 40 p.c.

These goods are dutiable, at the same rates, under tariff item 62300-1, an item not specifically referred to the Board.

4. Extract from Heading 42.05

42.05 Other articles of leather or of composition leather

Recommended Item

42.05-1 Wrist or neck straps, of leather, for use with photographic or cinematographic equipment

B.P. - 15 p.c. M.F.N. - $17\frac{1}{2}$ p.c. Gen. - 35 p.c.

These goods are dutiable, at the same rates, under tariff item 61300-1, an item not specifically referred to the Board.

5. Extract from Heading 59.12 and Others

59.12 Textile fabrics otherwise impregnated or coated;
painted canvas being theatrical scenery, studio
back-cloths or the like

Recommended Item

59.12-1 Photographic or cinematographic backgrounds;
parts thereof

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

These goods are now classified, at the same rates as are recommended by the Board, under tariff item 46235-1. In the B.T.N., Heading 59.12 would apply only to canvas backgrounds; the Board's recommended item would apply regardless of material. Backgrounds of other materials would be classified under their own appropriate headings in the B.T.N.

6. Extracts from Heading 62.05

62.05 Other made up textile articles (including dress
patterns)

Recommended Items

(1) 62.05-1 Film changing bags; parts thereof

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

These goods are now dutiable under tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c. and General - 30 p.c.

(2) 62.05-2 Wrist or neck straps, of textile fabrics, for use
with photographic or cinematographic equipment

B.P. - 20 p.c. M.F.N. - $22\frac{1}{2}$ p.c. Gen. - 35 p.c.

These goods are now dutiable according to the composition of the textile fabric under tariff items not specifically referred to the Board; the appropriate B.P. rates vary between 20 p.c. and 25 p.c., M.F.N. rates between $22\frac{1}{2}$ p.c. and 25 p.c., and General rates between 35 p.c. and 55 p.c.

7. Extract from Heading 70.17

70.17 Laboratory, hygienic and pharmaceutical glassware,
whether or not graduated or calibrated; glass
ampoules

Recommended Item

70.17-1 Stirring rods, of glass, for use in photographic or cinematographic processing

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

These goods are now dutiable under tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c. and General - 30 p.c.

8. Extract from Section XV

Section XV - Base Metals and Articles of Base Metal

Recommended Item

XV-1 Spools, reels, or other supports, of base metal or alloys thereof, whether or not coated or plated, for photographic or cinematographic film, for use as original equipment with cameras or projectors

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

When for use as original equipment with still or motion picture cameras, these goods are now dutiable as parts of the relevant cameras; the items and rates are:

		<u>B.P.</u>	<u>M.F.N.</u>	<u>Gen.</u>
46205-1	Cameras, n.o.p., made in Canada	$7\frac{1}{2}$ p.c.	15 p.c.(a)	30 p.c.
46210-1	Cameras, n.o.p., not made in Canada	5 p.c.	15 p.c.(a)	30 p.c.
46215-1	Large format still cameras	Free	Free	10 p.c.
46220-1	Motion picture cameras, producers with studios	Free	Free	15 p.c.

(a) Temporarily reduced to 10 p.c., February 20, 1973 to June 30, 1974

When for use as original equipment with projectors, these goods would be in tariff item 46325-1, at rates of: B.P. - Free, M.F.N. - Free and General - 30 p.c.; prior to May 8, 1973, the M.F.N. rate was $7\frac{1}{2}$ p.c.

9. Extract from Heading 82.03

82.03 Hand tools, the following: pliers (including cutting pliers), pincers, tweezers, tinmen's snips, bolt croppers and the like; perforating punches; pipe cutters; spanners and wrenches (but not including tap wrenches); files and rasps

Recommended Item

82.03-1 Print tongs, of base metal or alloys thereof, whether or not coated or plated; parts thereof

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

These goods are now dutiable under tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c. and General - 30 p.c.

10. Extract from Heading 83.05

83.05 Fittings for loose-leaf binders, for files or for stationery books, of base metal; letter clips, paper clips, staples, indexing tags, and similar stationery goods, of base metal

Recommended Item

83.05-1 Print or film clips, of base metal or alloys thereof, whether or not coated or plated; parts thereof

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

These goods are now dutiable under tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c. and General - 30 p.c.

11. Extract from Heading 83.07

83.07 Lamps and lighting fittings, of base metal, and parts thereof, of base metal (excluding switches, electric lamp holders, electric lamps for vehicles, electric battery or magneto lamps, and other articles falling within Chapter 85 except heading No. 85.22)

Recommended Items

Lighting equipment, n.o.p., not including light bulbs, for use in photography or cinematography; parts thereof

(1) 83.07-1 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

(2) 83.07-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

These recommended items would cover a range of equipment now classified under tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c. Provision would also be made for "light effect machines" now enumerated in tariff item 46305-1, at rates of: B.P. - Free, M.F.N. - 15 p.c. (reduced to 10 p.c., temporarily, from February 20, 1973 to June 30, 1974) and General - 35 p.c. A number of other recommended items, particularly those derived from Headings 85.20, 90.07 and 90.13 would also apply to lighting equipment; recommended items 83.07-1 and 83.07-2 would be the residual provisions.

12. Extract from Heading 84.08

84.08 Other engines and motors

Recommended Item

84.08-1 Non-electric motors for photographic or cinematographic cameras or projectors; parts thereof

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

The major, if not the only, products to fall in this category would be the spring-driven motors used in older models of motion picture cameras, or as film-drive mechanisms in still picture cameras. These are now dutiable as parts of cameras, usually at 15 p.c., M.F.N. under tariff item 46205-1 or 46210-1; this rate was temporarily reduced to 10 p.c. from February 20, 1973 to June 30, 1974. The other possible relevant rates are set out, in respect of the various types of cameras, under extract number 8, above.

13. Extract from Heading 84.18

84.18 Centrifuges; filtering and purifying machinery and apparatus (other than filter funnels, milk strainers and the like), for liquids or gases

Recommended Item

84.18-1 Filtering or purifying machinery and apparatus, or combinations thereof, for liquids or gases; parts thereof; all the foregoing for use in photographic or cinematographic processing

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

This item would apply to bleach/fix regeneration systems, operating on the filter principle, now classified under tariff item 42700-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., Gen. - 35 p.c., but subject to the Machinery Duty Remission Programme. This item was not specifically referred to the Board.

14. Extract from Heading 84.22

84.22 Lifting, handling, loading or unloading machinery, telphers and conveyors (for example, lifts, hoists, winches, cranes, transporter cranes, jacks, pulley tackle, belt conveyors and teleferics), not being machinery falling within heading No. 84.23

Recommended Item

84.22-1 Dollies or other mobile mounting units for cinematographic cameras, n.o.p.; parts thereof

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

Motion picture camera dollies, imported by motion picture producers with studios in Canada equipped for motion picture production are under tariff item 46245-1, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c. Other dollies are under item 42700-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 35 p.c. (subject to the Machinery Duty Remission Programme if not available from Canadian production) or item 43910-1, at rates of: B.P. - 10 p.c., M.F.N. - $17\frac{1}{2}$ p.c., General - 30 p.c. Tariff items 42700-1 and 43910-1 were not specifically referred to the Board.

Parts of dollies classified under tariff items 46245-1 and 42700-1 are also under these items. Parts of dollies of tariff item 43910-1 are dutiable according to their own nature.

15. Extract from Heading 84.53

84.53 Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included

Recommended Items

Self-contained apparatus for the recording of computer output on microfilm:

84.53-1 Of a class or kind made in Canada

B.P. - $2\frac{1}{2}$ p.c. M.F.N. - 15 p.c. Gen. - 30 p.c.

84.53-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

These goods are now classified in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

16. Extracts from Heading 85.01

85.01 Electrical goods of the following descriptions:
 generators, motors, converters (rotary or
 static), transformers, rectifiers and
 rectifying apparatus, inductors

Recommended Items

(1) Electric motors for photographic or cinemato-
 graphic cameras or projectors; parts thereof

85.01-1 Of a class or kind made in Canada

B.P. - 15 p.c. M.F.N. - 15 p.c. Gen. - $37\frac{1}{2}$ p.c.

85.01-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - $22\frac{1}{2}$ p.c.

Electric motors for use in the manufacture of still and motion picture projectors are classified under tariff item 46330-1, at rates of: B.P. - 15 p.c., M.F.N. - 15 p.c. and General - $37\frac{1}{2}$ p.c. Other electric motors, and complete parts of electric motors, are dutiable at the same rates under tariff item 44516-1, an item not specifically referred to the Board.

(2) 85.01-3 Electric motor drives for photographic cameras;
 parts thereof

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

Electric motor drives for cameras and parts thereof, unless held to be parts of cameras, are dutiable under tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

(3) Electric rectifiers or generators for use with
 cinematographic projectors; parts thereof

85.01-4 Of a class or kind made in Canada

B.P. - Free M.F.N. - 15 p.c. Gen. - 35 p.c.

85.01-5 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 20 p.c.

Electric generators and rectifiers designed for use with motion picture projectors, and parts thereof, are dutiable under tariff item 46305-1, at rates of: B.P. - Free, M.F.N. - 15 p.c. (reduced temporarily to 10 p.c. from February 20, 1973 to June 30, 1974), General - 35 p.c. Other generators and rectifiers are classified under items not specifically referred to the Board.

17. Extract from Heading 85.10

85.10 Portable electric battery and magneto lamps,
 other than lamps falling within heading
 No. 85.09

Recommended Item

85.10-1 Portable electric battery or magneto lamps
 (lighting appliances), for use with cameras
 or projectors; parts thereof, not including
 batteries or bulbs

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

This item would apply to portable, battery-operated lighting equipment, including projection pointers and movie lights, now classified under tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c. and General - 30 p.c.

18. Extract from Heading 85.12

85.12 Electric instantaneous or storage water
 heaters and immersion heaters; electric
 soil heating apparatus and electric space
 heating apparatus; electric hair dressing
 appliances (for example, hair dryers, hair
 curlers, curling tong heaters) and electric
 smoothing irons; electro-thermic domestic
 appliances; electric heating resistors,
 other than those of carbon

Recommended Item

85.12-1 Electric heaters for photographic solution; parts
 thereof

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

These goods are now dutiable, at the same rates as are recommended by the Board, under tariff item 46240-1.

19. Extract from Heading 85.13

85.13 Electrical line telephonic and telgraphic apparatus
 (including such apparatus for carrier-current
 line systems)

Recommended Items

Monophonic headphones, with or without attached microphones, for use in the recording, processing or reproduction of cinematographic sound, or of sound on videotape, or in the transmission of sound by television or cablevision stations; parts thereof, n.o.p.

85.13-1 Of a class or kind made in Canada

B.P. - $12\frac{1}{2}$ p.c. M.F.N. - 15 p.c. Gen. - 25 p.c.

85.13-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

When imported for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production, headphones are admissible under tariff item 46245-1, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c. They are otherwise classified in tariff item 44524-1, an item not specifically referred to the Board, at rates of: B.P. - 15 p.c., M.F.N. - $17\frac{1}{2}$ p.c., General - 30 p.c.

20. Extracts from Heading 85.14

85.14 Microphones and stands therefor; loudspeakers;
audio-frequency electric amplifiers

Recommended Items

- (1) Microphones and stands therefor, including booms;
all the foregoing for use in recording cinematographic sound or on videotape or for the transmission of sound by television or cablevision stations

85.14-1 Of a class or kind made in Canada

B.P. - $7\frac{1}{2}$ p.c. M.F.N. - $7\frac{1}{2}$ p.c. Gen. - 25 p.c.

85.14-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

When imported for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production, microphones, and booms without wiring for use with microphones, are classified under tariff item 46245-1, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c. When imported by others, these goods are in tariff item 44536-1, an item not specifically referred to the Board, at rates of: B.P. - $7\frac{1}{2}$ p.c., M.F.N. - $7\frac{1}{2}$ p.c., General - 25 p.c.

- (2) 85.14-3 Parts and materials for use in the manufacture
or repair of the goods enumerated in tariff items
85.14-1 and 85.14-2

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

Parts of the microphones, stands and booms admissible under tariff item 46245-1 are also under that item, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c. Parts for use in the manufacture or repair of goods classified in tariff item 44536-1 are classified under tariff item 44537-1, an item not specifically referred to the Board, at rates of: B.P. - Free, M.F.N. - Free, General - 25 p.c.

- (3) Loudspeakers; audio-frequency amplifiers; all of the foregoing for use in the recording, processing or reproduction of cinematographic sound, or of sound on videotape, or for the transmission of sound by television or cable-vision stations; parts, n.o.p., of all the foregoing

85.14-4 Of a class or kind made in Canada

B.P. - Free M.F.N. - 15 p.c. Gen. - 25 p.c.

85.14-5 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

When imported for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production, these goods are classified under tariff item 46245-1, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c. Parts are also admissible under this item. When imported by others, these goods, and parts thereof, n.o.p., are classified in tariff item 44540-1, an item not specifically referred to the Board, at rates of: B.P. - Free, M.F.N. - 15 p.c., General - 25 p.c. Specified parts for use in the manufacture of loudspeakers are classified under tariff item 44541-1, at rates of: B.P. - Free, M.F.N. - Free, General - 25 p.c. As no recommendation is made with respect to item 44541-1, an item not specifically referred to the Board, an "n.o.p." with respect to parts, is included in the recommendations above. It is the Board's recommendation, that the parts listed in tariff item 44541-1 should remain there as long as they are of a class or kind not made in Canada.

21. Extracts from Heading 85.19

85.19 Electrical apparatus for making and breaking electrical circuits, for the protection of electrical circuits, or for making connections to or in electrical circuits (for example, switches, relays, fuses, lightning arresters, surge suppressors, plugs, lampholders and junction boxes); resistors, fixed or variable (including potentiometers), other than heating resistors; printed circuits; switchboards (other than telephone switchboards) and control panels

Recommended Items

- (1) Electrical apparatus for making and breaking electrical circuits, for the protection of electrical circuits, or for making connections to or in electrical circuits (for example, switches, relays, fuses, lightning arresters,

surge suppressors, plugs, lampholders and junction boxes); resistors, fixed or variable (including potentiometers), other than heating resistors; printed circuits; switchboards and control panels; parts of all the foregoing

All the foregoing for use as parts of or directly with photographic or cinematographic equipment of all kinds, photographic or cinematographic lighting equipment or the goods enumerated in tariff items 85.13-1, 85.13-2, 85.14-1, 85.14-2, 85.14-4, 85.14-5, 85.22-1, 85.22-2, 85.22-4, 85.22-5, 90.10-1, 90.10-2, 92.11-1, 92.11-2, 92.11-3, 92.13-1 and 92.13-2

85.19-1 Of a class or kind made in Canada

B.P. - $12\frac{1}{2}$ p.c. M.F.N. - 15 p.c. Gen. - 25 p.c.

85.19-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Many of the products that would be covered by the proposed items would now be admitted as parts of the photographic or other products for which they are designed. Others, such as control panels and switchboards, are dutiable as electrical apparatus, n.o.p. under tariff item 44524-1, an item not specifically referred to the Board, at rates of: B.P. - 15 p.c., M.F.N. - $17\frac{1}{2}$ p.c., General - 30 p.c.

(2) 85.19-3 Remote control apparatus used to control photographic or cinematographic cameras or projectors when connected thereto; parts thereof

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

These goods are now dutiable under tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

22. Extract from Heading 85.20

85.20 Electric filament lamps and electric discharge lamps (including infra-red and ultra-violet lamps); arc-lamps; electrically ignited photographic flashbulbs

Recommended Item

85.20-1 Arc lamps for cinematographic work; flash tubes for high-speed flash apparatus; parts of the foregoing

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Arc lamps for motion picture work, and parts thereof, are dutiable under tariff item 46305-1, at rates of: B.P. - Free, M.F.N. - 15 p.c. (reduced temporarily to 10 p.c. from February 20, 1973 to June 30, 1974), General - 35 p.c.

Flash tubes for high-speed flash apparatus, and parts thereof, are in tariff item 46235-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c.

23. Extracts from Heading 85.22

85.22 Electrical appliances and apparatus, having individual functions, not falling within any other heading of this Chapter

Recommended Items

(1) Sound mixing units, excluding units specialized for cinematography, whether or not containing audio-frequency amplifiers, for use in the recording or processing of cinematographic sound or of sound on videotape or in the transmission of sound by television or cable-vision stations; parts thereof, n.o.p.

85.22-1 Of a class or kind made in Canada

B.P. - $12\frac{1}{2}$ p.c. M.F.N. - 15 p.c. Gen. - 25 p.c.

85.22-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

When imported for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production, sound mixing units are admissible under tariff item 46245-1, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c. They are otherwise classified under tariff item 44524-1, at rates of: B.P. - 15 p.c., M.F.N. - $17\frac{1}{2}$ p.c., General - 30 p.c., or, when consisting essentially of an audio-frequency amplifier, under tariff item 44540-1, at rates of: B.P. - Free, M.F.N. - 15 p.c., General - 25 p.c. Items 44524-1 and 44540-1 were not specifically referred to the Board.

(2) 85.22-3 Remote control apparatus used to control photographic or cinematographic cameras or projectors without being connected thereto; parts thereof

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

These goods are dutiable under tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

- (3) Stereophonic headphones, with or without attached microphones, for use in the recording, processing or reproduction of cinematographic sound, or of sound on videotape, or in the transmission of sound by television or cablevision stations; parts thereof, n.o.p.

85.22-4 Of a class or kind made in Canada

B.P. - $12\frac{1}{2}$ p.c. M.F.N. - 15 p.c. Gen. - 25 p.c.

85.22-5 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. 10 p.c.

When imported for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production, these goods are admissible under tariff item 46245-1, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c. They are otherwise classified under tariff item 44524-1, an item not specifically referred to the Board, at rates of: B.P. - 15 p.c., M.F.N. - $17\frac{1}{2}$ p.c., General - 30 p.c.

24. Extract from Heading 85.23

- 85.23 Insulated (including enamelled or anodised) electric wire, cable, bars, strip and the like (including co-axial cable), whether or not fitted with connectors

Recommended Items

Insulated (including enamelled or anodised) electric wire, cable, bars, strip and the like, whether or not fitted with connectors; All the foregoing for use as parts of or directly with photographic or cinematographic equipment of all kinds, photographic or cinematographic lighting equipment or the goods enumerated in tariff items 85.13-1, 85.13-2, 85.14-1, 85.14-2, 85.14-4, 85.14-5, 85.22-1, 85.22-2, 85.22-4, 85.22-5, 90.10-1, 90.10-2, 92.11-1, 92.11-2, 92.11-3, 92.13-1 and 92.13-2

85.23-1 Of a class or kind made in Canada

B.P. - $12\frac{1}{2}$ p.c. M.F.N. - 15 p.c. Gen. - 25 p.c.

85.23-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Electrical cords permanently attached to photographic apparatus, or designed to be so attached, are now treated as parts of the equipment. Cords, which plug into the equipment, and thus could be used for other purposes, are dutiable under tariff item 44524-1, at rates of: B.P. - 15 p.c., M.F.N. - $17\frac{1}{2}$ p.c., General - 30 p.c. Insulated wire or cable is generally dutiable under tariff item 40123-1, at rates of: B.P. - $12\frac{1}{2}$ p.c., M.F.N. - $17\frac{1}{2}$ p.c., General - 25 p.c. Items 44524-1 and 40123-1 were not specifically referred to the Board.

25. Extract from Heading 87.14

87.14 Other vehicles (including trailers), not
mechanically propelled, and parts thereof

Recommended Item

87.14-1 Dollies or other mobile mounting units for
cinematographic cameras, not mechanically
propelled; parts thereof

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

If any such dollies should be imported for use in the production of motion pictures by professional producers with studios in Canada equipped for motion picture production, they would be dutiable under tariff item 46245-1, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c. Other importations would be dutiable under tariff item 43910-1, an item not specifically referred to the Board, at rates of: B.P. - 10 p.c., M.F.N. - $17\frac{1}{2}$ p.c., General - 30 p.c.

Parts of dollies classified under tariff item 46245-1 are also classified under that item. Parts of dollies of tariff item 43910-1 are dutiable according to their own nature.

26. Extract from Heading 90.01

90.01 Lenses, prisms, mirrors and other optical
elements, of any material, unmounted, other
than such elements of glass not optically
worked; sheets or plates, of polarising
material

Recommended Item

90.01-1 Lenses, prisms, mirrors and other optical
elements, of any material, for photographic
or cinematographic use, unmounted, other
than such elements of glass not optically
worked

B.P. - Free M.F.N. - Free Gen. - 20 p.c.

The following existing items are applicable:

Item	Coverage	Rates		
		B.P.	M.F.N.	Gen.
46205-1	As replacement parts of cameras	7½ p.c.	15 p.c.(a)	30 p.c.
46210-1	As replacement parts of cameras	5 p.c.	15 p.c.(a)	30 p.c.
46215-1	As replacement parts of cameras	Free	Free	10 p.c.
46220-1	As replacement parts of cameras	Free	Free	15 p.c.
46225-1	Lenses for manufacture of cameras	Free	Free	30 p.c.
46235-1	Unmounted colour filters, diffusion discs, polarizing screens; as parts of named accessories	Free	Free	10 p.c.
46255-1	As parts of named components used in manufacture of cameras	Free	Free	10 p.c.
46305-1	As replacement parts of motion picture projectors	Free	15 p.c.(a)	35 p.c.
46320-1	Lenses for manufacture of projectors	Free	7½ p.c.	35 p.c.
46325-1	Parts, other than lenses, for manufacture of projectors	Free	7½ p.c.(b)	30 p.c.
46200-1	If no other provision	2½ p.c.	15 p.c.	30 p.c.

(a) Temporarily reduced to 10 p.c., February 20, 1973 to June 30, 1974

(b) Reduced to Free, May 8, 1973

27. Extract from Heading 90.02

90.02 Lenses, prisms, mirrors and other optical elements, of any material, mounted, being parts of or fittings for instruments or apparatus, other than such elements of glass not optically worked

Recommended Items

Lenses, prisms, mirrors or other optical elements, of any material, mounted, being parts of or fittings for photographic or cinematographic instruments or apparatus, other than such elements of glass not optically worked; accessories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with the foregoing; parts of all the foregoing

90.02-1 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 25 p.c.

90.02-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

The following existing items are applicable:

Item	Coverage	Rates		
		B.P.	M.F.N.	Gen.
46205-1	As replacement parts of cameras	7½ p.c.	15 p.c.(a)	30 p.c.
46210-1	As replacement parts of cameras	5 p.c.	15 p.c.(a)	30 p.c.
46215-1	As replacement parts of cameras	Free	Free	10 p.c.
46220-1	As replacement parts of cameras	Free	Free	15 p.c.
46225-1	Lenses and parts, for manufacture of cameras	Free	Free	30 p.c.
46235-1	Colour filters, diffusion discs, polarizing screens; parts thereof	Free	Free	10 p.c.
46255-1	As parts of named components used in manufacture of cameras	Free	Free	10 p.c.
46305-1	As replacement parts of motion picture projectors	Free	15 p.c.(a)	35 p.c.
46320-1	Lenses and parts, for manufacture of projectors	Free	7½ p.c.	35 p.c.
46325-1	Parts, other than lenses, for manufacture of projectors	Free	7½ p.c.(b)	30 p.c.
62300-1 ^(c)	Fitted carrying cases	12½ p.c.	20 p.c.	40 p.c.
46200-1	If no other provision	2½ p.c.	15 p.c.	30 p.c.

(a) Temporarily reduced to 10 p.c., February 20, 1973 to June 30, 1974

(b) Reduced to Free, May 8, 1973

(c) A tariff item not specifically referred to the Board

The recommended item would also apply to lens covers, now dutiable according to the component material of chief value, e.g. as manufactures of plastics, under tariff item 93907-1, at rates of: B.P. - 15 p.c., M.F.N. - 17½ p.c. and General - 30 p.c. Tariff item 93907-1 was not specifically referred to the Board.

28. Extract from Heading 90.05

90.05 Refracting telescopes (monocular and binocular),
 prismatic or not

Recommended Item

90.05-1 Director's viewfinders; parts thereof

B.P. - Free M.F.N. - Free General - 15 p.c.

Director's viewfinders, and parts thereof, are now dutiable, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c., under tariff item 46200-1.

29. Heading 90.07

90.07 Photographic cameras; photographic flashlight
 apparatus

Recommended Items

Photographic cameras including self-contained camera systems; photographic flashlight apparatus not including electrically-ignited photographic flash bulbs; accessories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with the foregoing; parts of all the foregoing:

(1) Photographic cameras:

90.07-1 Of a class or kind made in Canada

B.P. - 5 p.c. M.F.N. - 10 p.c. Gen. - 25 p.c.

90.07-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

Cameras, n.o.p., of a class or kind made in Canada, are now dutiable under tariff item 46205-1, at rates of: B.P. - $7\frac{1}{2}$ p.c., M.F.N. - 15 p.c. (reduced temporarily to 10 p.c. from February 20, 1973 to June 30, 1974) and General - 30 p.c. Cameras, n.o.p., of a class or kind not made in Canada, are in tariff item 46210-1, at rates of: B.P. - 5 p.c., M.F.N. - 15 p.c. (reduced temporarily to 10 p.c. from February 20, 1973 to June 30, 1974) and General - 30 p.c. Cameras for making negatives or positives three and one-quarter inches by four and one-quarter inches, or larger, are in tariff item 46215-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. Under the Board's recommendations, these large format cameras, like all other cameras, would have their classification dependent on their made-in-Canada status. Self-contained camera systems are classified in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., Gen. - 30 p.c.

- (2) 90.07-3 Parts of the goods enumerated in tariff items
90.07-1 and 90.07-2

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

Shutters, and parts thereof, for use in the manufacture of cameras are in tariff item 46225-1, at rates of: B.P. - Free, M.F.N. - Free, General - 30 p.c. Unfinished parts for use in the manufacture of cameras are in tariff item 46230-1, at rates of: B.P. - Free, M.F.N. - Free, General - $7\frac{1}{2}$ p.c.; such parts would be covered by the recommended item if identifiable as camera parts. Other parts of cameras, covered by the recommended item, are now dutiable as complete parts under tariff items 46205-1 and 46210-1 or as parts under tariff item 46215-1; the rates applicable under these items are cited under subheading (1) above. Certain parts of camera systems are in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., Gen. 30 p.c.

- (3) Photographic flashlight apparatus, n.o.p.; parts
thereof

90.07-4 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

90.07-5 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Most flash apparatus, and parts thereof, is now classified in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c. Hand held or camera mounted electronic flash units, and parts, are 10 p.c., M.F.N., under tariff item 46200-2. Flash guns are under tariff item 46235-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. Flash apparatus, and parts thereof, for use in the manufacture of cameras, is in tariff item 46255-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. Flash apparatus, and parts thereof, for use in the repair of cameras, is dutiable as camera parts -- see (2) above.

- (4) 90.07-6 Mechanically-ignited flash bulbs encased in
groups; parts thereof

B.P. - $2\frac{1}{2}$ p.c. M.F.N. - 15 p.c. Gen. - 30 p.c.

These goods are now classified, at the above rates, under tariff item 46200-1 as photographic instruments, n.o.p. and parts thereof. The recommended removal of the word "photographic" from tariff item 46200-1 requires that a new provision be made for mechanically-ignited flashcubes and similar products. The Board has therefore provided this item, under the appropriate B.T.N. heading, without change in rates, to complete the tariff schedule which it recommends.

- (5) Accessories, n.o.p., for use with the goods enumerated in tariff items 90.07-1, 90.07-2, 90.07-4 and 90.07-5; parts thereof

90.07-7 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

90.07-8 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Lantern slide attachments, lens hoods, stands, tripods and tripod tops, and parts of all the foregoing, are in tariff item 46235-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. Carrying cases for large format cameras are in tariff item 46215-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. Other carrying cases are in tariff item 62300-1, an item not specifically referred to the Board, at rates of: B.P. - 12½ p.c., M.F.N. - 20 p.c., General - 40 p.c. Other accessories are in tariff item 46200-1, at rates of: B.P. - 2½ p.c., M.F.N. - 15 p.c., General - 30 p.c.

30. Heading 90.08

- 90.08 Cinematographic cameras, projectors, sound recorders and sound reproducers; any combination of these articles

Recommended Items

Heading - to apply to all the recommended items that follow

Cinematographic cameras, projectors, sound recorders and sound reproducers; any combination of these articles; all the foregoing not to include sound recorders or reproducers operating solely by a magnetic process except sound recorders combined with cameras or sound recorders or reproducers combined with projectors; accessories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with the foregoing; parts of all the foregoing, not including electric motors, light bulbs, electron tubes or exciter lamps:

- (1) Cinematographic cameras whether or not combined with sound recorders; photo-electrical sound recorders

90.08-1 Of a class or kind made in Canada

B.P. - 5 p.c. M.F.N. - 10 p.c. Gen. - 25 p.c.

90.08-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

Motion picture cameras imported by professional producers having studios in Canada equipped for motion picture production, are in tariff item 46220-1, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c. Other motion picture cameras are in tariff item 46210-1, at rates of: B.P. - 5 p.c., M.F.N. - 15 p.c. (reduced temporarily to 10 p.c. from February 20, 1973 to June 30, 1974), General - 30 p.c. Photo-electrical sound recorders, when imported by motion picture producers with studios in Canada equipped for motion picture production, are in tariff item 46245-1, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c., when imported by others, such recorders would be in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

- (2) 90.08-3 Parts of goods enumerated in tariff items 90.08-1 and 90.08-2

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

Parts of motion picture cameras and of photo-electrical sound recorders are generally dutiable under the same items as the goods themselves. Exceptions are shutters, and parts thereof, for use in the manufacture of cameras, under tariff item 46225-1, at rates of: B.P. - Free, M.F.N. - Free, General - 30 p.c., and unfinished parts for use in the manufacture of cameras, under tariff item 46230-1, at rates of: B.P. - Free, M.F.N. - Free, General - $7\frac{1}{2}$ p.c.; such unfinished parts would be admissible under the recommended item if clearly identifiable as motion picture camera parts.

- (3) Accessories, n.o.p., for use with the goods enumerated in tariff items 90.08-1 and 90.08-2; parts thereof

90.08-4 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

90.08-5 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Lens hoods, stands, tripods and tripod tops, and parts of the foregoing, are in tariff item 46235-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. Carrying cases are in tariff item 62300-1, an item not specifically referred to the Board, at rates of: B.P. - $12\frac{1}{2}$ p.c., M.F.N. - 20 p.c., General - 40 p.c. Camera blimps, imported by professional motion picture producers with studios in Canada equipped for motion picture production, are in tariff item 46220-1, at rates of B.P. - Free, M.F.N. - Free, General - 15 p.c. Other accessories are in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

- (4) Cinematographic projectors and combination camera-projectors, with or without sound or built-in screens; photo-electrical sound reproducers

90.08-6 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 30 p.c.

90.08-7 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 20 p.c.

Motion picture projectors, with or without sound, are in tariff item 46305-1, at rates of: B.P. - Free, M.F.N. - 15 p.c. (reduced temporarily to 10 p.c., from February 20, 1973 to June 30, 1974), General - 35 p.c. Combination camera-projectors are in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c. Photo-electrical sound reproducers, imported by motion picture producers having studios in Canada equipped for motion picture production, are in tariff item 46245-1, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c.; when imported by others, they are in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

- (5) 90.08-8 Parts of the goods enumerated in tariff items
90.08-6 and 90.08-7

B.P. - Free M.F.N. - Free Gen. - 20 p.c.

Parts of motion picture projectors and of photo-electrical sound reproducers are dutiable under the same tariff items as the goods themselves -- see subheading (4), except that shutters, and parts thereof, for use in the manufacture of projectors are in tariff item 46320-1, at rates of: B.P. - Free, M.F.N. - $7\frac{1}{2}$ p.c., General - 35 p.c., and many other parts, also for use in the manufacture of projectors, are in tariff item 46325-1, at rates of: B.P. - Free, M.F.N. - Free ($7\frac{1}{2}$ p.c. prior to May 8, 1973), General - 30 p.c.

- (6) Accessories, n.o.p., for use with the goods
enumerated in tariff items 90.08-6 and 90.08-7;
parts thereof

90.08-9 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

90.08-10 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Carrying cases would be in tariff item 62300-1, an item not specifically referred to the Board, at rates of: B.P. - $12\frac{1}{2}$ p.c., M.F.N. - 20 p.c., General - 40 p.c. Other accessories are in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

31. Heading 90.09

90.09 Image projectors (other than cinematographic projectors); photographic (except cinematographic) enlargers and reducers

Recommended Items

Heading - to apply to all the recommended items that follow

Image projectors (other than cinematographic projectors) including microfilm readers and reader-printers; photographic (except cinematographic) enlargers or reducers and combinations thereof; accessories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with any of the foregoing; parts of all the foregoing not including electric motors or light bulbs:

- (1) Image projectors, with or without sound or built-in screens, including microfilm readers and reader-printers; photographic (except cinematographic) enlargers or reducers and combinations thereof

90.09-1 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

90.09-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Still projectors without provision for sound, and some microfilm readers, have been classified under tariff item 46300-1, at rates of: B.P. - Free, M.F.N. - 15 p.c. (reduced temporarily to 10 p.c., from February 20, 1973 to June 30, 1974), General - 25 p.c. Still projectors with provision for sound are in tariff item 46310-1, at rates of: B.P. - 10 p.c., M.F.N. - 15 p.c. (reduced temporarily to 10 p.c., from February 20, 1973 to June 30, 1974), General - 30 p.c. Microfilm reader-printers are in tariff item 46241-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. Enlargers for negatives or positives four inches by five inches or larger are in tariff item 46240-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. Reducers, other enlargers and other microfilm readers are in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

- (2) 90.09-3 Parts of the goods enumerated in tariff items 90.09-1 and 90.09-2

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Shutters, and parts thereof, for use in the manufacture of all still projectors are in tariff item 46320-1, at rates of: B.P. - Free, M.F.N. - $7\frac{1}{2}$ p.c., General - 35 p.c. Most other parts for use in the manufacture of still projectors are in tariff item 46325-1, at rates of: B.P. - Free, M.F.N. - Free ($7\frac{1}{2}$ p.c. prior to May 8, 1973), General - 30 p.c. Parts of the microfilm reader-printers of tariff item 46241-1 and of the enlargers of tariff item 46240-1, are dutiable under the same items as the goods themselves, in both cases, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. Most other parts would be in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

- (3) Accessories, n.o.p., for use with the goods enumerated in tariff items 90.09-1 and 90.09-2; parts thereof

90.09-4 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

90.09-5 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Fitted carrying cases are dutiable under tariff item 62300-1, an item not specifically referred to the Board, at rates of: B.P. - $12\frac{1}{2}$ p.c., M.F.N. - 20 p.c., General - 40 p.c. Other accessories, and parts thereof, are in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

32. Heading 90.10

90.10 Apparatus and equipment of a kind used in photographic or cinematographic laboratories, not falling within any other heading in this Chapter; photo-copying apparatus (whether incorporating an optical system or of the contact type) and thermo-copying apparatus; screens for projectors

Recommended Items

Heading - to apply to all the recommended items that follow

Apparatus and equipment, n.o.p., used in the processing or finishing of photographic or cinematographic films, prints and slides, including grading equipment, renovation equipment and sound mixing units specialized for cinematography, whether or not containing audio-frequency amplifiers; photo-copying apparatus (whether incorporating an optical system or of the contact type) and thermo-copying apparatus; screens for projectors; accessories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with the foregoing; parts of all the foregoing:

- (1) Apparatus and equipment of a kind used in photographic or cinematographic processing or finishing, n.o.p.; parts thereof

90.10-1 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

90.10-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Certain items of processing equipment are now named in the Customs Tariff, as follows:

Tariff Item

46235-1 (part) Accessories for cameras, namely:

...

Vignettters;
Parts of ... the foregoing

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

46240-1 (part) Photographic equipment, namely:

...

Ferro-type plates;
Film or paper processors for photo-finishing;
Film or print driers;
Mounting presses;
Negative or sheet-film hangers;
Print straighteners;
Print washers;
Printers, contact;

...

Printers, power driven, for photo-finishing;
Tanks or trays for negative and positive processing;

...

Parts of all the foregoing

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

46245-1 (part) Optical and magnetic sound equipment;

...

Motion picture editing equipment, namely:
film editing machines, film splicers, film synchronizers, film viewers, rewinds;
Parts of the foregoing;

All the foregoing when for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

Magnetic sound mixing units, specialized for cinematography, not qualifying for entry under tariff item 46245-1, are in tariff item 44524-1, an item not specifically referred to the Board, at rates of: B.P. - 15 p.c., M.F.N. - 17½ p.c., General - 30 p.c.

Most other processing equipment, and parts, not specifically named above, is in tariff item 46200-1, at rates of: B.P. - 2½ p.c., M.F.N. - 15 p.c., General - 30 p.c., but some products, and parts, fall in tariff item 42700-1, an item not specifically referred to the Board, at rates of: B.P. - 2½ p.c., M.F.N. - 15 p.c., General - 35 p.c., subject to the Machinery Duty Remission Programme.

- (2) 90.10-3 Photo-copying apparatus and thermo-copying apparatus; accessories, n.o.p., for use with the foregoing; parts of all the foregoing

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Photocopiers, thermo-copiers, parts thereof, and certain accessories which have been held to be parts, are in tariff item 46240-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. Other accessories have been held to be dutiable according to their own nature; for example, sorters are in tariff item 42700-1, an item not specifically referred to the Board, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 35 p.c., subject to the Machinery Duty Remission Programme.

- (3) Screens for projectors; accessories, n.o.p., for use with the foregoing; parts of all the foregoing

90.10-4 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 35 p.c.

90.10-5 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 25 p.c.

Screens for projectors are in tariff item 46315-1, at rates of: B.P. - Free, M.F.N. - 10 p.c., General - 35 p.c. Parts and accessories are dutiable according to their own nature, usually as manufactures of the component material of chief value; carrying cases for screens are in tariff item 62300-1, an item not specifically referred to the Board, at rates of: B.P. - $12\frac{1}{2}$ p.c., M.F.N. - 20 p.c., General - 40 p.c.

33. Extracts from Heading 90.13

- 90.13 Optical appliances and instruments (but not including lighting appliances other than searchlights or spotlights), not falling within any other heading of this Chapter

Recommended Items

- (1) 90.13-1 Slide viewers; parts thereof, not including batteries or light bulbs

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Slide viewers, and parts thereof, are dutiable under tariff item, 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

- (2) 90.13-2 Photographic, cinematographic or theatrical spotlights; parts thereof, not including light bulbs

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Photographic spotlights are in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c. Cinematographic and theatrical spotlights are named in tariff item 46305-1, at rates of: B.P. - Free, M.F.N. - 15 p.c. (reduced temporarily to 10 p.c., from February 20, 1973 to June 30, 1974), General - 35 p.c. Parts are under the same items as the spotlights.

- (3) Photographic and cinematographic apparatus, n.o.p., not including lighting equipment; parts thereof

90.13-3 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 25 p.c.

90.13-4 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

These last two recommended items would replace the provision for photographic instruments, n.o.p. (and parts thereof) in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

34. Extract from Heading 90.14

90.14 Surveying (including photogrammetrical surveying), hydrographic, navigational, meteorological, hydrological and geophysical instruments; compasses; rangefinders

Recommended Item

90.14-1 Photographic rangefinders and fitted cases or fitted containers imported therewith; parts of photographic rangefinders

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Rangefinders as camera accessories, and parts thereof, are under tariff item 46235-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c.; rangefinders and parts thereof for use in the manufacture of cameras are in tariff item 46255-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. Fitted cases are in tariff item 62300-1, an item not specifically referred to the Board, at rates of: B.P. - $12\frac{1}{2}$ p.c., M.F.N. - 20 p.c., General - 40 p.c. Other rangefinders are classified as parts of cameras under the four camera items (see Heading 90.07 -- recommended item 90.07-3)

35. Extract from Heading 90.23

- 90.23 Hydrometers and similar instruments; thermometers, pyrometers, barometers, hygrometers, psychrometers, recording or not; any combination of these instruments

Recommended Items

Thermometers, hygrometers, psychrometers, recording or not; any combination of these instruments;
All the foregoing for use in photographic or cinematographic processing or finishing

- 90.23-1 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

- 90.23-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

These instruments are now classified under tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

36. Extract from Heading 90.24

- 90.24 Instruments and apparatus for measuring, checking or automatically controlling the flow, depth, pressure or other variables of liquids or gases, or for automatically controlling temperature, (for example, pressure gauges, thermostats, level gauges, flow meters, heat meters, automatic oven-draught regulators), not being articles falling within heading No. 90.14

Recommended Items

Instruments and apparatus for measuring, checking or automatically controlling the flow, depth, pressure or other variables of liquids or gases, or for automatically controlling temperature, (for example, pressure gauges, thermostats, level gauges, flow meters, heat meters);
All the foregoing for use in photography or cinematography or in photographic or cinematographic processing or finishing

- 90.24-1 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

- 90.24-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Temperature controls used in photographic or cinematographic processing or finishing are in tariff item 46240-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. Any other products covered by these recommended items would probably be classified under tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

37. Extract from Heading 90.25

90.25 Instruments and apparatus for physical or chemical analysis (such as polarimeters, refractometers, spectrometers, gas analysis apparatus); instruments and apparatus for measuring or checking viscosity, porosity, expansion, surface tension or the like (such as viscometers, porosimeters, expansion meters); instruments and apparatus for measuring or checking quantities of heat, light or sound (such as photometers (including exposure meters), calorimeters); microtomes

Recommended Items

Instruments and apparatus for physical or chemical analysis; instruments and apparatus for measuring or checking viscosity; instruments and apparatus for measuring or checking quantities of heat, light or sound (such as photometers (including exposure meters), calorimeters); accessories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with the foregoing; parts of all the foregoing

All the foregoing for use in photography or cinematography, in photographic or cinematographic processing or finishing, or in the recording or processing of cinematographic sound or of sound on videotape

90.25-1 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

90.25-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

The principal products included in this reference which would fall under this Heading are exposure meters, sensitometers and densitometers.

Exposure meters, as accessories, and parts thereof are in tariff item 46235-1; exposure meters, and parts, for use in the manufacture of cameras are in tariff item 46255-1. Under both items, the rates are: B.P. - Free, M.F.N. - Free, General - 10 p.c. Other exposure meters are classified as parts of cameras under the camera items (see Heading 90.07 - recommended item 90.07-3, above).

Densitometers, and parts thereof, are in tariff item 46240-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c. The other products covered by these recommended items, used in processing or finishing, and parts thereof, would usually be in tariff item 46200-1, at rates of: B.P. - $2\frac{1}{2}$ p.c., M.F.N. - 15 p.c., General - 30 p.c.

Fitted cases or fitted containers are in tariff item 62300-1, an item not specifically referred to the Board, at rates of: B.P. - $12\frac{1}{2}$ p.c., M.F.N. - 20 p.c., General - 40 p.c.

38. Extract from Heading 90.28

90.28 Electrical measuring, checking, analysing, or
automatically controlling instruments and
apparatus

Recommended Items

Electrical measuring, checking, analysing or
automatically controlling instruments and
apparatus, being the goods, other than
parts or accessories, enumerated in tariff
items 90.14-1, 90.23-1, 90.23-2, 90.24-1,
90.24-2, 90.25-1 and 90.25-2, when their
operation depends on an electrical
phenomenon which varies according to the
factor to be ascertained or automatically
controlled

90.28-1 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

90.28-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

The existing items for these products are the same as those cited under the recommended items referred to in the preamble to these items.

39. Extract from Heading 90.29

90.29 Parts or accessories suitable for use solely or
principally with one or more of the articles
falling within heading No. 90.23, 90.24, 90.26,
90.27 or 90.28

Recommended Items

Parts of the goods enumerated in tariff items
90.23-1, 90.23-2, 90.24-1, 90.24-2, 90.28-1
and 90.28-2; accessories, n.o.p. (including
fitted cases or fitted containers when
imported with the goods for which they are
designed), for use with the goods enumerated
in the said items

90.29-1 Of a class or kind made in Canada

B.P. - Free M.F.N. - 10 p.c. Gen. - 20 p.c.

90.29-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Under the existing tariff, parts are, in virtually all cases, dutiable at the same rates as the articles themselves. Fitted cases or fitted containers are in tariff item 62300-1, an item not specifically referred to the Board, at rates of: B.P. - $12\frac{1}{2}$ p.c., M.F.N. - 20 p.c., General - 40 p.c. Other accessories would be dutiable according to their own nature.

40. Extract from Chapter 91

Chapter 91 - Clocks and watches and parts thereof

Recommended Item

91.00-1 Timing devices for use in photographic or cinematographic processing or finishing; parts thereof

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

In the B.T.N., timing devices for photographic use would fall into Heading 91.05; assembled movements for such devices would be in either 91.07 or 91.08; cases for devices, if similar to clock cases, would be in Heading 91.10; other parts would be in Heading 91.11. The Board has combined these Headings.

Under the existing tariff, photographic timing devices and parts are in tariff item 46240-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c.

41. Extract from Heading 92.11

92.11 Gramophones, dictating machines and other sound recorders and reproducers, including record-players and tape decks, with or without sound-heads; television image and sound recorders and reproducers, magnetic

Recommended Items

- (1) Magnetic sound recorders or reproducers, or combinations thereof, for use in the production, processing or reproduction of cinematographic sound, or of sound on videotape or for the transmission of sound by television or cablevision stations

92.11-1 Of a class or kind made in Canada

B.P. - 10 p.c. M.F.N. - 10 p.c. Gen. - 25 p.c.

92.11-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

Magnetic sound equipment imported for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production is in tariff item 46245-1, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c. Sound recording and reproduction equipment, imported by others, is in tariff item 44538-1, an item not specifically referred to the Board, at rates of: B.P. - 10 p.c., M.F.N. - $12\frac{1}{2}$ p.c., General - 25 p.c.

- (2) 92.11-3 Television image and sound recorders or reproducers, magnetic, or combinations thereof, for use by television or cablevision stations, by cinematographic producers, or in the processing or reproduction of images and sound recorded by cinematographic producers

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

Videotape recorders imported for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production (a description that has been held to include television stations), are in tariff item 46245-1, at rates of: B.P. - Free, M.F.N. - Free, General - 15 p.c. Videotape recorders imported by other motion picture producers or by cablevision systems are under tariff item 44538-1, an item not specifically referred to the Board, at rates of: B.P. - 10 p.c., M.F.N. - $12\frac{1}{2}$ p.c., General - 25 p.c. Duty on videotape recorders imported by cablevision systems is currently being remitted by Order in Council.

42. Extract from Heading 92.13

92.13 Other parts and accessories of apparatus falling within heading No. 92.11

Recommended Items

Parts of the goods enumerated in tariff items 92.11-1, 92.11-2 and 92.11-3; accessories, n.o.p. (including fitted cases or fitted containers when imported with the goods for which they are designed), for use with the goods enumerated in the said items

92.13-1 Of a class or kind made in Canada

B.P. - 10 p.c. M.F.N. - 10 p.c. Gen. - 25 p.c.

92.13-2 Of a class or kind not made in Canada

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

Under the existing tariff, the parts are generally dutiable under the same items as the products. These items are cited under Heading 92.11. Accessories would be dutiable according to their own nature; fitted cases or fitted containers are in tariff item 62300-1, an item not specifically referred to the Board, at rates of: B.P. - $12\frac{1}{2}$ p.c., M.F.N. - 20 p.c., General - 40 p.c.

APPENDIX II

DISPOSITION OF EXISTING TARIFF ITEMS

DISPOSITION OF EXISTING TARIFF ITEMS

This Appendix is divided into two parts. The first part lists the tariff items specifically referred to the Board and indicates, with respect to the products now imported under these items, the recommendations made by the Board. The second part gives some information as to the effects of the Board's recommendations on tariff items which, although not specifically referred to the Board, are affected by those recommendations. The classifications shown are based on the best information available to the Board but may not, in all cases, be accurate. These classifications should not, therefore, be considered to be definitive or binding in the administration of either the existing tariff schedule or the recommended schedule, when implemented in whole or in part.

PART 1 - Tariff Items Specifically Referred to the Board

Tariff Item 46200-1

Instruments for observation, measurement, experimentation or demonstration in respect of natural phenomena, n.o.p.;
photographic, mathematical and optical instruments, n.o.p.;
speedometers, cyclometers and pedometers, n.o.p.; parts of
all the foregoing

B.P. - $2\frac{1}{2}$ p.c. M.F.N. - 15 p.c. Gen. - 30 p.c.

This item was referred to the Board in so far as it relates to photographic equipment. It has served as the basket item of the photographic schedule.

The Board is recommending deletion of the word "photographic". Photographic equipment now classified under the tariff item would be classified under the following recommended items:

	<u>Recommended Item and Rates</u>			
	<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Print or film clips, of plastic; parts thereof	39.07-7	Free	Free	10 p.c.
Print tongs, of plastic; parts thereof	39.07-7	Free	Free	10 p.c.
Stirring rods, of plastic, for use in processing; parts thereof	39.07-7	Free	Free	10 p.c.
Film changing bags; parts thereof	62.05-1	Free	Free	10 p.c.
Stirring rods, glass, for use in processing	70.17-1	Free	Free	10 p.c.
Print tongs, of base metal; parts thereof	82.03-1	Free	Free	10 p.c.
Print or film clips, of base metal; parts thereof	83.05-1	Free	Free	10 p.c.
Lighting equipment, n.o.p.; parts thereof				
Of a class or kind made in Canada	83.07-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	83.07-2	Free	Free	10 p.c.

	Recommended Item and Rates			
	<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Computer output microfilm systems				
Of a class or kind made in Canada	84.53-1	2½ p.c.	15 p.c.	30 p.c.
Of a class or kind not made in Canada	84.53-2	Free	Free	15 p.c.
Electric motor drives for cameras; parts thereof	85.01-3	Free	Free	15 p.c.
Portable battery operated lighting equipment, including projection pointers and movie lights; parts thereof	85.10-1	Free	Free	10 p.c.
Switches, plugs, etc., as parts				
Of a class or kind made in Canada	85.19-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.19-2	Free	Free	10 p.c.
Remote controls and parts				
Connected to apparatus	85.19-3	Free	Free	10 p.c.
Not connected to apparatus	85.22-3	Free	Free	10 p.c.
Cords, etc., as parts				
Of a class or kind made in Canada	85.23-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.23-2	Free	Free	10 p.c.
Unmounted lenses and optical elements	90.01-1	Free	Free	20 p.c.
Mounted lenses and optical elements; parts thereof				
Of a class or kind made in Canada	90.02-1	Free	10 p.c.	25 p.c.
Of a class or kind not made in Canada	90.02-2	Free	Free	15 p.c.
Director's viewfinders; parts thereof	90.05-1	Free	Free	15 p.c.
Camera systems, self-contained				
Of a class or kind made in Canada	90.07-1	5 p.c.	10 p.c.	25 p.c.
Of a class or kind not made in Canada	90.07-2	Free	Free	15 p.c.
Parts	90.07-3	Free	Free	15 p.c.
Photographic flashlight apparatus, n.o.p.; parts thereof				
Of a class or kind made in Canada	90.07-4	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.07-5	Free	Free	10 p.c.
Mechanically-ignited flashcubes; parts thereof	90.07-6	2½ p.c.	15 p.c.	30 p.c.

	<u>Recommended Item and Rates</u>			
	<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Accessories, n.o.p., for still cameras or flash apparatus; parts thereof				
Of a class or kind made in Canada	90.07-7	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.07-8	Free	Free	10 p.c.
Photo-electrical sound recorders				
Of a class or kind made in Canada	90.08-1	5 p.c.	10 p.c.	25 p.c.
Of a class or kind not made in Canada	90.08-2	Free	Free	15 p.c.
Parts	90.08-3	Free	Free	15 p.c.
Accessories, n.o.p., for motion picture cameras or photo-electrical sound recorders; parts thereof				
Of a class or kind made in Canada	90.08-4	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.08-5	Free	Free	10 p.c.
Combination camera-projectors and photo-electrical sound reproducers				
Of a class or kind made in Canada	90.08-6	Free	10 p.c.	30 p.c.
Of a class or kind not made in Canada	90.08-7	Free	Free	20 p.c.
Parts	90.08-8	Free	Free	20 p.c.
Accessories, n.o.p., for motion picture projectors; parts thereof				
Of a class or kind made in Canada	90.08-9	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.08-10	Free	Free	10 p.c.
Microfilm readers				
Of a class or kind made in Canada	90.09-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.09-2	Free	Free	10 p.c.
Parts	90.09-3	Free	Free	10 p.c.
Enlargers, n.o.p., reducers				
Of a class or kind made in Canada	90.09-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.09-2	Free	Free	10 p.c.
Parts	90.09-3	Free	Free	10 p.c.
Parts of still picture projectors	90.09-3	Free	Free	10 p.c.

	<u>Recommended Item and Rates</u>			
	<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Accessories, n.o.p., for still picture projectors, etc.; parts thereof				
Of a class or kind made in Canada	90.09-4	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.09-5	Free	Free	10 p.c.
Processing or finishing equipment, n.o.p.; parts thereof				
Of a class or kind made in Canada	90.10-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.10-2	Free	Free	10 p.c.
Slide viewers and parts	90.13-1	Free	Free	10 p.c.
Photographic spotlights; parts thereof	90.13-2	Free	Free	10 p.c.
Photographic and cinematographic apparatus, n.o.p.; parts thereof				
Of a class or kind made in Canada	90.13-3	Free	10 p.c.	25 p.c.
Of a class or kind not made in Canada	90.13-4	Free	Free	15 p.c.
Thermometers, hygrometers, psychrometers, for processing or finishing				
Of a class or kind made in Canada	90.23-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.23-2	Free	Free	10 p.c.
Sensitometers, etc., for processing or finishing, parts thereof				
Of a class or kind made in Canada	90.25-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.25-2	Free	Free	10 p.c.
Electrically-actuated goods of 90.23-1, 90.23-2, 90.25-1 or 90.25-2				
Of a class or kind made in Canada	90.28-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.28-2	Free	Free	10 p.c.
Parts of goods in 90.23-1, 90.23-2, 90.28-1 and 90.28-2				
Of a class or kind made in Canada	90.29-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.29-2	Free	Free	10 p.c.

<u>Recommended Item and Rates</u>			
<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>

Tariff Item 46200-2

Electronic flash apparatus designed to be hand held or mounted on hand cameras, including self-contained, battery operated power supplies for use therewith, and parts of the foregoing

M.F.N. - 10 p.c.

These goods would be classified under the following recommended items:

Apparatus and parts

Of a class or kind

made in Canada

90.07-4 Free 10 p.c. 20 p.c.

Of a class or kind

not made in Canada

90.07-5 Free Free 10 p.c.

Tariff Items 46205-1, 46210-1, 46215-1 and 46220-1

46205-1 Cameras, n.o.p., of a class or kind made in Canada; complete parts thereof

B.P. - 7½ p.c. M.F.N. - 15 p.c. Gen. - 30 p.c.

(M.F.N. rate reduced to 10 p.c., temporarily, from February 20, 1973 to June 30, 1974)

46210-1 Cameras, n.o.p., of a class or kind not made in Canada; complete parts thereof

B.P. - 5 p.c. M.F.N. - 15 p.c. Gen. - 30 p.c.

(M.F.N. rate reduced to 10 p.c., temporarily, from February 20, 1973 to June 30, 1974)

46215-1 Cameras and parts thereof for making negatives or positives three and one-quarter inches by four and one-quarter inches or larger, including carrying cases therefor

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

46220-1 Cinematograph and motion picture cameras and camera blimps for use by professional motion picture producers having studios in Canada equipped for motion picture production; parts of the foregoing

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

<u>Recommended Item and Rates</u>				
<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>	

These goods would be classified under the following recommended items:

Spools, reels, or other supports for film (parts)				
Of plastic	39.07-6	Free	Free	15 p.c.
Of base metal	XV-1	Free	Free	15 p.c.
Non-electric motors (as camera parts)	84.08-1	Free	Free	15 p.c.
Electric motor drives, and parts	85.01-3	Free	Free	15 p.c.
Switches, plugs, etc. (as parts)				
Of a class or kind made in Canada	85.19-1	12 $\frac{1}{2}$ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.19-2	Free	Free	10 p.c.
Lenses and optical elements, unmounted	90.01-1	Free	Free	20 p.c.
Lenses and optical elements, mounted				
Of a class or kind made in Canada	90.02-1	Free	10 p.c.	25 p.c.
Of a class or kind not made in Canada	90.02-2	Free	Free	15 p.c.
Still picture cameras				
Of a class or kind made in Canada	90.07-1	5 p.c.	10 p.c.	25 p.c.
Of a class or kind not made in Canada	90.07-2	Free	Free	15 p.c.
Still picture camera parts	90.07-3	Free	Free	15 p.c.
Flash apparatus (as parts) and parts thereof				
Of a class or kind made in Canada	90.07-4	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.07-5	Free	Free	10 p.c.
Carrying cases (tariff item 46215-1): imported with cameras				
Of a class or kind made in Canada	90.07-7	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.07-8	Free	Free	10 p.c.
Not imported with cameras	42.02-1	12 $\frac{1}{2}$ p.c.	20 p.c.	40 p.c.

Recommend Item and Rates				
<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>	
Motion picture cameras				
Of a class or kind made in Canada	90.08-1	5 p.c.	10 p.c.	25 p.c.
Of a class or kind not made in Canada	90.08-2	Free	Free	15 p.c.
Motion picture camera parts	90.08-3	Free	Free	15 p.c.
Camera blimps (tariff item 46220-1), and parts				
Of a class or kind made in Canada	90.08-4	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.08-5	Free	Free	10 p.c.
Rangefinders, not electrically actuated (as parts), and parts	90.14-1	Free	Free	10 p.c.
Exposure meters, not electrically actuated (as parts), and parts				
Of a class or kind made in Canada	90.25-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.25-2	Free	Free	10 p.c.
Rangefinders and exposure meters, electrically actuated				
Of a class or kind made in Canada	90.28-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.28-2	Free	Free	10 p.c.
Parts of goods in 90.28-1 and 90.28-2				
Of a class or kind made in Canada	90.29-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.29-2	Free	Free	10 p.c.

Tariff Item 46225-1

Lenses, shutters, and parts thereof, for use in the manufacture of cameras

B.P. - Free M.F.N. - Free Gen. - 30 p.c.

These goods would be classified under the following recommended items:

Unmounted lenses	90.01-1	Free	Free	20 p.c.
Mounted lenses; parts thereof				
Of a class or kind made in Canada	90.02-1	Free	10 p.c.	25 p.c.
Of a class or kind not made in Canada	90.02-2	Free	Free	15 p.c.

Recommended Item and Rates			
No.	B.P.	M.F.N.	General

Shutters and parts, still cameras	90.07-3	Free	Free	15 p.c.
Shutters and parts, motion picture cameras	90.08-3	Free	Free	15 p.c.

Tariff Item 46230-1

Parts, unfinished, for use in the manufacture of cameras

B.P. - Free M.F.N. - Free Gen. - 7½ p.c.

Unfinished camera parts, manufactured to the point where they are recognizable as camera parts and committed to that use, would be classified under the following recommended items:

Non-electric motors	84.08-1	Free	Free	15 p.c.
Electric motors				
Of a class or kind made in Canada	85.01-1	15 p.c.	15 p.c.	37½ p.c.
Of a class or kind not made in Canada	85.01-2	Free	Free	22½ p.c.
Switches, etc.				
Of a class or kind made in Canada	85.19-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.19-2	Free	Free	10 p.c.
Still picture camera parts	90.07-3	Free	Free	15 p.c.
Motion picture camera parts	90.08-3	Free	Free	15 p.c.

Tariff Item 46235-1

Accessories for cameras, namely:

Backgrounds;
 Colour filters and holders;
 Diffusion discs and holders;
 Exposure meters;
 Flash guns;
 Flash tubes for high-speed flash apparatus;
 Lantern slide attachments;
 Lens hoods;
 Polarizing screens and holders;
 Range finders;
 Stands;
 Tripods and tripod tops;
 Vignettters;
 Parts of all the foregoing

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

<u>Recommended Item and Rates</u>			
<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>

These goods would be classified under the following recommended items:

Backgrounds	59.12-1	Free	Free	10 p.c.
Colour filters and holders,				
Diffusion discs and holders,				
Polarizing screens and holders,				
Parts of the foregoing				
Unmounted optical elements	90.01-1	Free	Free	20 p.c.
Mounted, of a class or kind				
made in Canada	90.02-1	Free	10 p.c.	25 p.c.
Mounted, of a class or kind				
not made in Canada	90.02-2	Free	Free	15 p.c.
Exposure meters, not				
electrically actuated, and				
parts				
Of a class or kind				
made in Canada	90.25-1	Free	10 p.c.	20 p.c.
Of a class or kind				
not made in Canada	90.25-2	Free	Free	10 p.c.
Exposure meters, electrically				
actuated				
Of a class or kind				
made in Canada	90.28-1	Free	10 p.c.	20 p.c.
Of a class or kind				
not made in Canada	90.28-2	Free	Free	10 p.c.
Parts of a class or kind				
made in Canada	90.29-1	Free	10 p.c.	20 p.c.
Parts of a class or kind				
not made in Canada	90.29-2	Free	Free	10 p.c.
Flash guns; parts thereof				
Of a class or kind				
made in Canada	90.07-4	Free	10 p.c.	20 p.c.
Of a class or kind				
not made in Canada	90.07-5	Free	Free	10 p.c.
Flash tubes for high-speed				
flash apparatus, and parts	85.20-1	Free	Free	10 p.c.
Lantern slide attachments,				
Lens hoods,				
Stands,				
Tripods and tripod tops,				
Parts of the foregoing				
Of a class or kind made in				
Canada, for use with still				
picture cameras	90.07-7	Free	10 p.c.	20 p.c.
Of a class or kind not made				
in Canada, for use with				
still picture cameras	90.07-8	Free	Free	10 p.c.
Of a class or kind made in				
Canada, for use with				
motion picture cameras	90.08-4	Free	10 p.c.	20 p.c.
Of a class or kind not				
made in Canada, for use				
with motion picture				
cameras	90.08-5	Free	Free	10 p.c.

	Recommended Item and Rates			
	<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Rangefinders, not electrically actuated, and parts	90.14-1	Free	Free	10 p.c.
Rangefinders, electrically actuated				
Of a class or kind made in Canada	90.28-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.28-2	Free	Free	10 p.c.
Parts of a class or kind made in Canada	90.29-1	Free	10 p.c.	20 p.c.
Parts of a class or kind not made in Canada	90.29-2	Free	Free	10 p.c.

Vignettters are apparently used in processing; as such they would fall in the recommended items which follow:

Vignettters and parts				
Of a class or kind made in Canada	90.10-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.10-2	Free	Free	10 p.c.

Tariff Item 46240-1

Photographic equipment, namely:

Densitometers;
 Ferro-type plates;
 Film or paper processors for photo-finishing;
 Film or print driers;
 Mounting presses;
 Negative or sheet-film hangers;
 Print straighteners;
 Print washers;
 Printers, contact;
 Printers, projection, commonly known as enlargers, for negatives or positives four inches by five inches and larger;
 Printers, power driven, for photo-finishing;
 Tanks or trays for negative and positive processing;
 Temperature controls or heaters for photographic solution;
 Timing devices;
 Parts of all the foregoing

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

Recommended Item and Rates			
No.	B.P.	M.F.N.	General

Except as noted below, these goods, and their parts, would be classified under the following recommended items:

Processing equipment and parts

Of a class or kind made in Canada	90.10-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.10-2	Free	Free	10 p.c.

Exceptions

Densitometers, not electrically actuated, and parts

Of a class or kind made in Canada	90.25-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.25-2	Free	Free	10 p.c.

Densitometers, electrically actuated

Of a class or kind made in Canada	90.28-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.28-2	Free	Free	10 p.c.

Parts of a class or kind made in Canada

90.29-1 Free 10 p.c. 20 p.c.

Parts of a class or kind not made in Canada

90.29-2 Free Free 10 p.c.

Electric heaters and parts

85.12-1 Free Free 10 p.c.

Enlargers

Of a class or kind made in Canada 90.09-1 Free 10 p.c. 20 p.c.

Of a class or kind not made in Canada 90.09-2 Free Free 10 p.c.

Parts 90.09-3 Free Free 10 p.c.

Photocopiers, thermal copiers, and parts

90.10-3 Free Free 10 p.c.

Temperature controls,

Not electrically actuated

Of a class or kind made in Canada 90.24-1 Free 10 p.c. 20 p.c.

Of a class or kind not made in Canada 90.24-2 Free Free 10 p.c.

Electrically actuated

Of a class or kind made in Canada 90.28-1 Free 10 p.c. 20 p.c.

Of a class or kind not made in Canada 90.28-2 Free Free 10 p.c.

Parts

Of a class or kind made in Canada 90.29-1 Free 10 p.c. 20 p.c.

Of a class or kind not made in Canada 90.29-2 Free Free 10 p.c.

Timing devices and parts

91.00-1 Free Free 10 p.c.

Parts of all goods

Switches, plugs, etc.

Of a class or kind made in Canada 85.19-1 12½ p.c. 15 p.c. 25 p.c.

Of a class or kind not made in Canada 85.19-2 Free Free 10 p.c.

<u>Recommended Item and Rates</u>				
<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>	
Cords, etc.				
Of a class or kind made in Canada	85.23-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.23-2	Free	Free	10 p.c.

Tariff Item 46241-1

Microfilm reader-printers and parts thereof

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

These goods would be classified under the following recommended items:

Microfilm reader-printers

Of a class or kind made in Canada	90.09-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.09-2	Free	Free	10 p.c.
Parts	90.09-3	Free	Free	10 p.c.

Tariff Item 46245-1

Optical and magnetic sound equipment;
 Dollies, or other mobile mounting units for motion picture cameras;
 Booms, without wiring, for use with microphones;
 Motion picture editing equipment, namely: film editing machines, film splicers, film synchronizers, film viewers, rewinds;
 Parts of the foregoing:

All the foregoing when for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production

B.P. - Free M.F.N. - Free Gen. - 15 p.c.

These goods would be classified under the following recommended items:

Optical and magnetic sound equipment and parts:

Monophonic headphones and parts

Of a class or kind made in Canada	85.13-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.13-2	Free	Free	10 p.c.

	Recommended Item and Rates			
	<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Microphones, stands and booms				
Of a class or kind				
made in Canada	85.14-1	7½ p.c.	7½ p.c.	25 p.c.
Of a class or kind				
not made in Canada	85.14-2	Free	Free	15 p.c.
Parts	85.14-3	Free	Free	15 p.c.
Loudspeakers, amplifiers;				
parts thereof				
Of a class or kind				
made in Canada	85.14-4	Free	15 p.c.	25 p.c.
Of a class or kind				
not made in Canada	85.14-5	Free	Free	10 p.c.
Switches, plugs, etc.				
Of a class or kind				
made in Canada	85.19-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind				
not made in Canada	85.19-2	Free	Free	10 p.c.
Sound mixing units, not				
specialized for				
cinematography; parts thereof				
Of a class or kind				
made in Canada	85.22-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind				
not made in Canada	85.22-2	Free	Free	10 p.c.
Stereophonic headphones and				
parts				
Of a class or kind				
made in Canada	85.22-4	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind				
not made in Canada	85.22-5	Free	Free	10 p.c.
Cords, etc.				
Of a class or kind				
made in Canada	85.23-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind				
not made in Canada	85.23-2	Free	Free	10 p.c.
Optical sound recorders,				
magnetic sound recorders				
combined with cameras				
Of a class or kind				
made in Canada	90.08-1	5 p.c.	10 p.c.	25 p.c.
Of a class or kind				
not made in Canada	90.08-2	Free	Free	15 p.c.
Parts	90.08-3	Free	Free	15 p.c.
Photo-electrical sound				
reproducers				
Of a class or kind				
made in Canada	90.08-6	Free	10 p.c.	30 p.c.
Of a class or kind				
not made in Canada	90.08-7	Free	Free	20 p.c.
Parts	90.08-8	Free	Free	20 p.c.
Motion picture sound				
processing and finishing				
equipment, n.o.p., and				
parts thereof				
Of a class or kind				
made in Canada	90.10-1	Free	10 p.c.	20 p.c.
Of a class or kind				
not made in Canada	90.10-2	Free	Free	10 p.c.

	Recommended Item and Rates			
	<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Magnetic sound recording and reproducing equipment				
Of a class or kind made in Canada	92.11-1	10 p.c.	10 p.c.	25 p.c.
Of a class or kind not made in Canada	92.11-2	Free	Free	15 p.c.
Videotape recorders	92.11-3	Free	Free	15 p.c.
Parts of magnetic sound recording and reproducing equipment and videotape recorders				
Of a class or kind made in Canada	92.13-1	10 p.c.	10 p.c.	25 p.c.
Of a class or kind not made in Canada	92.13-2	Free	Free	15 p.c.
Dollies or other mobile mounting units for motion picture cameras, n.o.p., and parts	84.22-1	Free	Free	15 p.c.
Not mechanically propelled, and parts	87.14-1	Free	Free	15 p.c.
Microphone boom arms -- see items for microphones, above				
Editing equipment, and parts				
Of a class or kind made in Canada	90.10-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.10-2	Free	Free	10 p.c.

Tariff Item 46255-1

Rangefinders, flash apparatus, exposure meters, and parts thereof for use in the manufacture of cameras

B.P. - Free M.F.N. - Free Gen. - 10 p.c.

- (Expires October 31, 1975) -

These goods would be classified under the following recommended items:

Lenses (as parts)				
Unmounted	90.01-1	Free	Free	20 p.c.
Mounted and parts thereof				
Of a class or kind made in Canada	90.02-1	Free	10 p.c.	25 p.c.
Of a class or kind not made in Canada	90.02-2	Free	Free	15 p.c.
Rangefinders not electrically actuated, and parts	90.14-1	Free	Free	10 p.c.

	<u>Recommended Item and Rates</u>			
	<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Rangefinders (Cont'd)				
Electrically actuated				
Of a class or kind				
made in Canada	90.28-1	Free	10 p.c.	20 p.c.
Of a class or kind				
not made in Canada	90.28-2	Free	Free	10 p.c.
Parts of a class or kind				
made in Canada	90.29-1	Free	10 p.c.	20 p.c.
Parts of a class or kind				
not made in Canada	90.29-2	Free	Free	10 p.c.
Flash apparatus and parts thereof				
Of a class or kind				
made in Canada	90.07-4	Free	10 p.c.	20 p.c.
Of a class or kind				
not made in Canada	90.07-5	Free	Free	10 p.c.
Exposure meters				
Not electrically actuated, and parts				
Of a class or kind				
made in Canada	90.25-1	Free	10 p.c.	20 p.c.
Of a class or kind				
not made in Canada	90.25-2	Free	Free	10 p.c.
Electrically actuated				
Of a class or kind				
made in Canada	90.28-1	Free	10 p.c.	20 p.c.
Of a class or kind				
not made in Canada	90.28-2	Free	Free	10 p.c.
Parts of a class or kind				
made in Canada	90.29-1	Free	10 p.c.	20 p.c.
Parts of a class or kind				
not made in Canada	90.29-2	Free	Free	10 p.c.

Tariff Items 46300-1 and 46310-1

46300-1 Still picture projectors, and slides and film strips therefor, n.o.p.

B.P. - Free M.F.N. - 15 p.c. Gen. - 25 p.c.

(M.F.N. rate reduced to 10 p.c., temporarily, from February 20, 1973 to June 30, 1974)

46310-1 Still picture projectors combined with sound equipment

B.P. - 10 p.c. M.F.N. - 15 p.c. Gen. - 30 p.c.

(M.F.N. rate reduced to 10 p.c., temporarily, from February 20, 1973 to June 30, 1974)

Recommended Item and Rates			
<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>

These goods would be classified under the following recommended items:

Slides, filmstrips and microfilms, n.o.p.	37.05-1	Free	15 p.c.	25 p.c.
Still projectors, with or without sound				
Of a class or kind made in Canada	90.09-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.09-2	Free	Free	10 p.c.

It is understood that tariff item 46300-1 has been applied to microfilm readers or viewers, which would be under the same items as projectors, and to slide viewers, which would fall under recommended item 90.13-1, at rates of: B.P. - Free, M.F.N. - Free, General - 10 p.c.

Tariff Item 46305-1

Motion picture projectors, arc lamps for motion picture work, motion picture or theatrical spot lights, light effect machines, portable motion picture projectors with or without sound equipment; electric rectifiers or generators designed for use with motion picture projectors; parts of all the foregoing, not including electric light bulbs, tubes, or exciter lamps

B.P. - Free M.F.N. - 15 p.c. Gen. - 35 p.c.

(M.F.N. rate reduced to 10 p.c., temporarily, from February 20, 1973 to June 30, 1974)

These goods would be classified under the following recommended items:

Light effect machines; parts thereof				
Of a class or kind made in Canada	83.07-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	83.07-2	Free	Free	10 p.c.
Rectifiers and generators; parts thereof				
Of a class or kind made in Canada	85.01-4	Free	15 p.c.	35 p.c.
Of a class or kind not made in Canada	85.01-5	Free	Free	20 p.c.
Loudspeakers (parts); parts thereof				
Of a class or kind made in Canada	85.14-4	Free	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.14-5	Free	Free	10 p.c.

	Recommended Item and Rates			
	<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Switches, plugs, etc. (parts)				
Of a class or kind made in Canada	85.19-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.19-2	Free	Free	10 p.c.
Arc lamps	85.20-1	Free	Free	10 p.c.
Cords, etc. (parts)				
Of a class or kind made in Canada	85.23-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.23-2	Free	Free	10 p.c.
Lenses and optical elements, unmounted (parts)	90.01-1	Free	Free	20 p.c.
Lenses and optical elements, mounted; parts thereof				
Of a class or kind made in Canada	90.02-1	Free	10 p.c.	25 p.c.
Of a class or kind not made in Canada	90.02-2	Free	Free	15 p.c.
Projectors, with or without sound				
Of a class or kind made in Canada	90.08-6	Free	10 p.c.	30 p.c.
Of a class or kind not made in Canada	90.08-7	Free	Free	20 p.c.
Parts	90.08-8	Free	Free	20 p.c.
Spotlights, and parts	90.13-2	Free	Free	10 p.c.

Tariff Item 46315-1

Motion and still picture screens

B.P. - Free M.F.N. - 10 p.c. Gen. - 35 p.c.

These goods would be classified under the following recommended items:

Projection screens				
Of a class or kind made in Canada	90.10-4	Free	10 p.c.	35 p.c.
Of a class or kind not made in Canada	90.10-5	Free	Free	25 p.c.

Tariff Item 46320-1

Lenses, shutters, and parts thereof, for use in the manufacture of still and motion picture projectors

B.P. - Free M.F.N. - 10 p.c. Gen. - 35 p.c.
GATT - 7½ p.c.

Recommended Item and Rates				
<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>	

These goods would be classified under the following recommended items:

Lenses, unmounted	90.01-1	Free	Free	20 p.c.
Lenses, mounted; parts thereof				
Of a class or kind				
made in Canada	90.02-1	Free	10 p.c.	25 p.c.
Of a class or kind				
not made in Canada	90.02-2	Free	Free	15 p.c.
Shutters and parts				
Motion picture projectors	90.08-8	Free	Free	20 p.c.
Still picture projectors	90.09-3	Free	Free	10 p.c.

Tariff Item 46325-1

Parts, not including electric motors, light bulbs, tubes, or exciter lamps, for use in the manufacture of still and motion picture projectors, with or without sound equipment

B.P. - Free M.F.N. - 7½ p.c. Gen. - 30 p.c.

- (Expires February 28, 1975) -

(M.F.N. rate reduced to Free, May 8, 1973)

These goods would be classified under the following recommended items:

Equipment

Spools, reels or other supports
for film

Of plastic	39.07-6	Free	Free	15 p.c.
Of base metal	XV-1	Free	Free	15 p.c.

Loudspeakers; parts thereof

Of a class or kind				
made in Canada	85.14-4	Free	15 p.c.	25 p.c.
Of a class or kind				
not made in Canada	85.14-5	Free	Free	10 p.c.

Switches, plugs, etc. (parts)

Of a class or kind				
made in Canada	85.19-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind				
not made in Canada	85.19-2	Free	Free	10 p.c.

Cords, etc. (parts)

Of a class or kind				
made in Canada	85.23-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind				
not made in Canada	85.23-2	Free	Free	10 p.c.

Optical elements, except lenses

Unmounted	90.01-1	Free	Free	20 p.c.
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 Mounted and parts thereof

Of a class or kind				
made in Canada	90.02-1	Free	10 p.c.	25 p.c.
Of a class or kind				
not made in Canada	90.02-2	Free	Free	15 p.c.

	<u>Recommended Item and Rates</u>			
	<u>No.</u>	<u>B.P</u>	<u>M.F.N.</u>	<u>General</u>
Motion picture projector parts	90.08-8	Free	Free	20 p.c.
Still picture projector parts	90.09-3	Free	Free	10 p.c.

Tariff Item 46330-1

Electric motors for use in the manufacture of still and motion picture projectors with or without sound equipment

B.P. - 15 p.c. M.F.N. - 15 p.c. Gen. - 37½ p.c.

- (Expires February 28, 1975) -

These goods would be classified under the following recommended items:

Electric motors

Of a class or kind made in Canada	85.01-1	15 p.c.	15 p.c.	37½ p.c.
Of a class or kind not made in Canada	85.01-2	Free	Free	22½ p.c.

PART 2 - Tariff Items Not Specifically Referred to the Board

This part of this appendix gives some explanation of the effects of the Board's recommendations on tariff items not specifically referred to the Board. The present wording and rates of these items would not be changed, but the Board recommends the withdrawal of certain goods from the coverage of a number of such tariff items. These goods would be classified in the appropriate recommended items and, in some cases, rate changes are recommended. Both the existing and the recommended rates are shown.

The coverage of some tariff items other than those specifically listed below is also affected by the Board's recommendations. Some indication of the goods involved in such tariff items is given in Appendix I; the tariff items concerned are principally the existing basket items providing for unspecified manufactures of various materials such as metals, wood or textiles. As the Board has not been able to identify all the products or tariff items involved, no listing is given. The Board's recommendations, however, will have the effect of classifying such goods under the recommended items covering related products.

<u>Recommended Item and Rates</u>			
<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>

Tariff Items 40121-1, 40122-1 and 40123-1

Wire of all metals or alloys thereof, n.o.p.:

40121-1 Single, not coated or covered

B.P. - $7\frac{1}{2}$ p.c. M.F.N. - $12\frac{1}{2}$ Gen. - 25 p.c.

40122-1 Single, coated or covered

B.P. - 10 p.c. M.F.N. - 15 p.c. Gen. - 25 p.c.

40123-1 Twisted, braided, bunched or otherwise conjoined,
whether or not reinforced with steel, coated or
covered or not, including cable, rope and strand

B.P. - $12\frac{1}{2}$ p.c. M.F.N. - $17\frac{1}{2}$ p.c. Gen. - 25 p.c.

Most wire and cable for use in the manufacture or repair of photographic equipment would meet the description of tariff item 40123-1. For wire and cable for use as parts of or directly with photographic, or cinematographic equipment of all kinds, with photographic or cinematographic lighting equipment or with apparatus used for sound for cinematography, television or cablevision, the Board has recommended that it be dutiable as follows:

When of a class or kind made in Canada	85.23-1	$12\frac{1}{2}$ p.c.	15 p.c.	25 p.c.
When of a class or kind not made in Canada	85.23-2	Free	Free	10 p.c.

Tariff Item 42700-1

Machines, n.o.p., and accessories, attachments, control equipment and tools for use therewith; parts of the foregoing

B.P. - $2\frac{1}{2}$ p.c. M.F.N. - 15 p.c. Gen. - 35 p.c.

Except that in the case of the importation into Canada of any goods enumerated in this item, the Governor in Council on the recommendation of the Minister of Industry, Trade and Commerce may, whenever he considers that it is in the public interest and that the goods are not available from production in Canada, remit the duty specified in this item applicable to the goods, and subsections 17(2), (3), (4), (5) and (8) of the Financial Administration Act apply in the case of a remission granted under this provision.

Among the goods understood to have been classified under this item, which would be affected by the Board's recommendations, are the following:

	Recommended Item and Rates			
	<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Filtering equipment and parts	84.18-1	Free	Free	10 p.c.
Mechanically-propelled dollies and parts	84.22-1	Free	Free	15 p.c.
Certain processing or finishing equipment and parts				
Of a class or kind made in Canada	90.10-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.10-2	Free	Free	10 p.c.
Photocopier accessories	90.10-3	Free	Free	10 p.c.

Tariff Item 43910-1

Cars, trailers including house trailers and mobile homes,
n.o.p., wheelbarrows, trucks, road or railway scrapers and
hand carts

B.P. - 10 p.c. M.F.N. - 17½ p.c. Gen. - 30 p.c.

The following goods would be affected:

Camera dollies, n.o.p.	84.22-1	Free	Free	15 p.c.
Camera dollies, not mechanically propelled	87.14-1	Free	Free	15 p.c.

Tariff Item 44516-1

Electric motors, and complete parts thereof, n.o.p.

B.P. - 15 p.c. M.F.N. - 15 p.c. Gen. - 37½ p.c.

Electric motors for cameras or projectors, and parts thereof,
would be classified as follows:

Motors and parts, n.o.p.;				
Of a class or kind made in Canada	85.01-1	15 p.c.	15 p.c.	37½ p.c.
Of a class or kind not made in Canada	85.01-2	Free	Free	22½ p.c.
Parts				
Switches, plugs, etc.				
Of a class or kind made in Canada	85.19-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.19-2	Free	Free	10 p.c.
Wire, cables, etc.				
Of a class or kind made in Canada	85.23-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.23-2	Free	Free	10 p.c.

Recommended Item and Rates			
No.	B.P.	M.F.N.	General

Tariff Item 44524-1

Electric apparatus and complete parts thereof, n.o.p.

B.P. - 15 p.c. M.F.N. - 17½ p.c. General - 30 p.c.

The following goods would be affected by the Board's recommendations when used in photography or cinematography or for cinematographic, television or cablevision sound:

Monophonic headphones and parts

Of a class or kind made in Canada	85.13-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.13-2	Free	Free	10 p.c.
Switches, plugs, lighting control panels and switchboards; parts thereof				
Of a class or kind made in Canada	85.19-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.19-2	Free	Free	10 p.c.
Sound mixing units, not specialized for cinematography; parts thereof				
Of a class or kind made in Canada	85.22-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.22-2	Free	Free	10 p.c.
Stereophonic headphones and parts				
Of a class or kind made in Canada	85.22-4	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.22-5	Free	Free	10 p.c.
Cables, wire, etc., (as parts)				
Of a class or kind made in Canada	85.23-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.23-2	Free	Free	10 p.c.
Sound mixing units specialized for cinematography; parts thereof				
Of a class or kind made in Canada	90.10-1	Free	10 p.c.	20 p.c.
Of a class or kind not made in Canada	90.10-2	Free	Free	10 p.c.

Tariff Item 44536-1

Record changers; turntables; tone arms; pick-up cartridges; phonograph needles; microphones, including microphone stands

B.P. - 7½ p.c. M.F.N. - 7½ p.c. Gen. - 25 p.c.

Recommended Item and Rates			
<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>

Microphones and stands, for use in the recording of cinematographic sound, would be in the following recommended items:

When of a class or kind made in Canada	85.14-1	7½ p.c.	7½ p.c.	25 p.c.
When of a class or kind not made in Canada	85.14-2	Free	Free	15 p.c.

Tariff Item 44537-1

Parts and materials for use in the manufacture or repair of the goods enumerated in tariff item 44536-1

B.P. - Free M.F.N. - Free Gen. - 25 p.c.

Parts of the microphones and stands of recommended items 85.14-1 and 85.14-2 would be in the following recommended items:

Parts, generally	85.14-3	Free	Free	15 p.c.
Switches, plugs, etc.				
Of a class or kind made in Canada	85.19-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.19-2	Free	Free	10 p.c.
Electric cords, etc.				
Of a class or kind made in Canada	85.23-1	12½ p.c.	15 p.c.	25 p.c.
Of a class or kind not made in Canada	85.23-2	Free	Free	10 p.c.

Tariff Item 44538-1

Recorders, reproducers and dictation recording and transcribing equipment using magnetizable tape as a recording medium; parts thereof, n.o.p.

B.P. - 10 p.c. M.F.N. - 12½ p.c. Gen. - 25 p.c.

The following goods would be affected by the Board's recommendations:

Magnetic sound recorders and reproducers for cinematographic, television or cablevision sound:

Of a class or kind made in Canada	92.11-1	10 p.c.	10 p.c.	25 p.c.
Of a class or kind not made in Canada	92.11-2	Free	Free	15 p.c.

Recommended Item and Rates			
<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>

Videotape recorders for television, or cablevision or for motion picture production

92.11-3 Free Free 15 p.c.

Parts of all the foregoing:

Of a class or kind made in Canada

92.13-1 10 p.c. 10 p.c. 25 p.c.

Of a class or kind not made in Canada

92.13-2 Free Free 15 p.c.

Tariff Item 44540-1

Loudspeakers; audio-frequency electric amplifiers; parts thereof, n.o.p.

B.P. - Free M.F.N. - 15 p.c. Gen. - 25 p.c.

These goods when used for cinematographic sound, television or cablevision, would be in the following recommended items:

Loudspeakers, amplifiers, parts

When of a class or kind made in Canada

85.14-4 Free 15 p.c. 25 p.c.

When of a class or kind not made in Canada

85.14-5 Free Free 10 p.c.

Sound mixing units, consisting essentially of audio-frequency amplifiers Not specialized for cinematography, parts thereof, n.o.p.

Of a class or kind made in Canada

85.22-1 12½ p.c. 15 p.c. 25 p.c.

Of a class or kind not made in Canada

85.22-2 Free Free 10 p.c.

Specialized for cinematography, parts thereof

Of a class or kind made in Canada

90.10-1 Free 10 p.c. 20 p.c.

Of a class or kind not made in Canada

90.10-2 Free Free 10 p.c.

Attention is drawn to the classification of switches, plugs, etc., in recommended item 85.19-1 or 85.19-2, and cords, etc., in recommended item 85.23-1 or 85.23-2.

<u>Recommended Item and Rates</u>			
<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>

Group X - Cotton, Flax, Hemp, Jute and Other Fibres, and Silk, Wool,
and Manufactures Thereof

At the present time, wrist or neck straps, for use with photographic or cinematographic equipment, made of textile fabrics, are dutiable under the appropriate tariff item of Group 10, dependent upon the composition of the fabric. Under the Board's recommendations they would be in recommended item 62.05-2, at rates of: B.P. - 20 p.c., M.F.N. - $22\frac{1}{2}$ p.c., General - 35 p.c.

Tariff Item 61300-1

Manufactures of leather, including manufactures of rawhide,
n.o.p.

B.P. - 15 p.c. M.F.N. - $17\frac{1}{2}$ p.c. Gen. - 35 p.c.

Leather wrist or neck straps suitable for use solely or principally with cameras or camera accessories would be in the recommended item 42.05-1, at rates of: B.P. - 15 p.c., M.F.N. - $17\frac{1}{2}$ p.c., Gen. - 35 p.c.

Tariff Item 62300-1

Musical instrument cases and fancy cases or boxes of all kinds, portfolios and fancy writing desks, satchels, reticules, card cases, purses, pocket-books, fly books; parts of the foregoing

B.P. - $12\frac{1}{2}$ p.c. M.F.N. - 20 p.c. Gen. - 40 p.c.

Carrying cases and containers for photographic equipment of all kinds would be dutiable under the same Headings as the equipment for which they are designed, if imported therewith. The following recommended items are relevant:

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
42.02-1	When imported separately	$12\frac{1}{2}$ p.c.	20 p.c.	40 p.c.
	When imported with product:			
90.02-1	Class or kind made in Canada, for lenses	Free	10 p.c.	25 p.c.
90.02-2	Class or kind not made in Canada, for lenses	Free	Free	15 p.c.

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
90.07-7	Class or kind made in Canada, for still cameras, flash apparatus or accessories ..	Free	10 p.c.	20 p.c.
90.07-8	Class or kind not made in Canada, for still cameras, flash apparatus or accessories	Free	Free	10 p.c.
90.08-4	Class or kind made in Canada, for motion picture cameras or accessories	Free	10 p.c.	20 p.c.
90.08-5	Class or kind not made in Canada, for motion picture cameras or accessories ...	Free	Free	10 p.c.
90.08-9	Class or kind made in Canada, for motion picture pro- jectors or accessories ...	Free	10 p.c.	20 p.c.
90.08-10	Class or kind not made in Canada, for motion picture projectors or accessories	Free	Free	10 p.c.
90.09-4	Class or kind made in Canada, for still projectors or accessories	Free	10 p.c.	20 p.c.
90.09-5	Class or kind not made in Canada, for still pro- jectors or accessories ...	Free	Free	10 p.c.
90.10-4	Class or kind made in Canada, for screens	Free	10 p.c.	35 p.c.
90.10-5	Class or kind not made in Canada, for screens	Free	Free	25 p.c.
90.14-1	For rangefinders of this item	Free	Free	10 p.c.
90.25-1	Class or kind made in Canada, for exposure meters of 90.25-1 and 90.25-2	Free	10 p.c.	20 p.c.
90.25-2	Class or kind not made in Canada, for exposure meters of 90.25-1 and 90.25-2 ...	Free	Free	10 p.c.
90.29-1	Class or kind made in Canada, for goods of 90.28-1 and 90.28-2	Free	10 p.c.	20 p.c.
90.29-2	Class or kind not made in Canada, for goods of 90.28-1 and 90.28-2	Free	Free	10 p.c.
92.13-1	Class or kind made in Canada, for goods of 92.11-1, 92.11-2 or 92.11-3	10 p.c.	10 p.c.	25 p.c.

		<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
92.13-2	Class or kind not made in Canada, for goods of 92.11-1, 92.11-2 or 92.11-3	Free	Free	15 p.c.

Tariff Item 93907-1

Articles of materials of the kinds described in headings
93901 to 93906 inclusive, n.o.p.

B.P. - 15 p.c. M.F.N. - $17\frac{1}{2}$ p.c. Gen. - 30 p.c.

The following goods would be affected by the Board's
recommendations:

<u>Recommended Item and Rates</u>				
<u>No.</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>	
Plastic wrist or neck straps for use with photographic or cinematographic equipment	39.07-8	15 p.c.	$17\frac{1}{2}$ p.c.	30 p.c.
Lens covers				
Of a class or kind made in Canada	90.02-1	Free	10 p.c.	25 p.c.
Of a class or kind not made in Canada	90.02-2	Free	Free	15 p.c.

APPENDIX III
ANNEXE III

STATISTICS
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Table 1

Tableau 1

Imports: Cameras, still picture, c.c. 911-11

Importations: Appareils de prise de vues fixes, c.m. 911-11

Tariff Items) and
) 41205-1, 46205-1, 46210-1 46215-1
 Numéros tarifaires) et

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	nombre	milliers		milliers	milliers	
		de \$		de \$	de \$	

Total - Total

1964	250,649	5,302	21.15	3,732	579	15.5
1965	539,665	8,987	16.65	5,659	877	15.5
1966	610,119	10,430	17.09	6,265	935	14.9
1967	564,752	11,608	20.55	6,656	924	13.9
1968	368,034	10,324	28.05	5,627	847	15.1
1969	452,695	14,634	32.33	6,158	915	14.9
1970	499,127	13,367	26.78	6,197	936	15.1
1971	462,253	12,414	26.86	9,269	1,374	14.8
1972	738,712	18,709	25.33	15,106	2,252	14.9

Total British Preferential - Total, préférence britannique

1964	333	14	41.13	11	1	5.4
1965	14,235	72	5.05	65	5	7.3
1966	21,747	290	13.35	288	16	5.5
1967	137,537	1,220	8.87	1,216	75	6.1
1968	22,349	272	12.19	253	13	5.0
1969	29,135	590	20.25	382	22	5.9
1970	5,297	261	49.36	89	6	6.7
1971	74,039	1,031	13.93	999	95	9.6
1972	241,352	3,646	15.11	3,625	443	12.2

Total Most Favoured Nation - Total, nation la plus favorisée

1964	248,816	5,247	21.09	3,680	566	15.4
1965	523,520	8,856	16.92	5,534	854	15.4
1966	587,662	10,107	17.20	5,944	910	15.3
1967	425,167	10,322	24.28	5,375	830	15.4
1968	343,271	9,974	29.06	5,296	812	15.3
1969	419,507	13,902	33.14	5,634	853	15.1
1970	491,342	13,017	26.49	6,018	903	15.0
1971	379,570	11,120	29.30	8,007	1,202	15.0
1972	482,583	14,483	30.01	10,901	1,639	15.0

Table 1 (Cont'd)
Tableau 1 (Suite)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	nombre	milliers de \$		milliers de \$	milliers de \$	
<u>Total General - Total général</u>						
1964	1,500	41	27.37	41	12	30.1
1965	1,910	59	30.87	59	18	30.0
1966	710	32	45.07	32	9	29.0
1967	2,048	65	31.85	65	20	30.0
1968	2,414	78	32.20	78	23	29.5
1969	4,053	142	35.08	142	40	27.9
1970	2,488	89	35.85	89	27	30.0
1971	8,644	263	30.47	263	77	29.2
1972	14,777	579	39.18	579	169	29.2
<u>United Kingdom - Royaume-Uni</u>						
1964	333	14	41.13	11	1	5.4
1965	14,235	72	5.05	65	5	7.3
1966	21,547	287	13.31	285	15	5.4
1967	137,537	1,220	8.87	1,216	75	6.1
1968	22,349	272	12.19	253	13	5.0
1969	29,132	589	20.22	382	22	5.9
1970	5,279	217	41.11	87	6	6.5
1971	74,034	1,030	13.91	998	95	9.5
1972	237,943	3,548	14.91	3,527	438	12.4
<u>France - France</u>						
1964	13	3	201.31	3	1	20.0
1965	64	21	325.33	20	3	15.0
1966	35	12	354.86	12	2	15.0
1967	283	17	60.16	17	3	15.4
1968	175	11	65.43	6	1	15.0
1969	209	9	41.89	9	1	15.0
1970	2,032	16	8.02	12	2	15.0
1971	60	19	311.05	19	3	15.0
1972	22	13	590.91	13	2	15.4
<u>Germany West - Allemagne de l'Ouest</u>						
1964	19,186	774	40.33	709	107	15.2
1965	42,813	1,089	25.44	990	150	15.1
1966	28,918	731	25.28	643	97	15.1
1967	65,648	922	14.04	873	140	16.0
1968	57,348	824	14.36	716	114	15.9
1969	65,563	981	14.96	872	134	15.3
1970	51,671	898	17.39	643	98	15.3
1971	16,029	796	49.68	656	100	15.3
1972	7,348	503	68.45	371	55	14.8

Table 1 (Cont'd)
Tableau 1 (Suite)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valour à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	milliers			milliers	milliers	
	nombre	de \$		de \$	de \$	
<u>The Netherlands - Pays-Bas</u>						
1964	40	9	228.25	2	*	14.9
1965	51	16	309.24	14	2	15.2
1966	66	25	379.44	17	3	17.5
1967	131	57	433.02	44	7	15.1
1968	420	52	124.67	47	8	16.9
1969	516	55	107.10	33	5	15.2
1970	110	54	491.97	19	3	14.9
1971	277	39	141.34	15	2	15.0
1972	231	68	294.37	5	1	20.0
<u>Sweden - Suède</u>						
1964	102	32	316.02	32	5	15.0
1965	124	36	293.77	35	5	15.0
1966	154	44	283.79	44	7	15.0
1967	110	33	300.15	33	5	15.0
1968	276	76	275.50	76	11	15.0
1969	269	91	338.93	91	14	14.9
1970	384	133	346.14	132	20	15.0
1971	455	122	268.82	122	18	15.0
1972	659	169	256.45	169	25	14.8
<u>Switzerland - Suisse</u>						
1964	230	41	179.93	41	5	13.2
1965	180	56	312.85	19	3	14.9
1966	269	61	228.01	37	6	15.1
1967	261	70	269.23	30	5	15.0
1968	1,819	87	47.85	32	5	15.0
1969	235	65	275.31	12	2	15.0
1970	127	172	1,353.39	13	2	14.8
1971	642	178	277.62	31	5	14.8
1972	746	164	219.84	26	4	15.4
<u>Germany East - Allemagne de l'Est</u>						
1964	1,500	41	27.37	41	12	30.1
1965	1,910	59	30.87	59	18	30.0
1966	710	32	45.07	32	9	29.0
1967	2,048	65	31.85	65	20	30.0
1968	2,414	78	32.20	78	23	29.5
1969	4,053	142	35.08	142	40	27.9
1970	2,488	89	38.85	89	27	30.0
1971	8,644	263	30.47	263	77	29.2
1972	14,777	579	39.18	579	169	29.2

Table 1 (Concl'd)
Tableau 1 (Fin)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valour à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	nombre	milliers		milliers	milliers	
		de \$		de \$	de \$	

Union of Soviet Socialist Republics
Union des républiques socialistes soviétiques

1964-65	-	-	-	-	-	-
1966	220	3	13.34	3	*	15.0
1967	1,601	57	35.83	57	9	15.0
1968	8	*	57.75	*	*	14.9
1969	3,361	73	21.61	73	11	15.0
1970	16,772	267	15.90	267	40	15.0
1971	17,544	299	17.05	299	45	15.0
1972	16,466	266	16.15	266	40	15.0

Hong Kong - Hong-Kong

1964	75,238	50	.67	50	9	17.3
1965	215,477	115	.53	114	21	18.3
1966	260,688	181	.69	180	33	18.6
1967	142,956	180	1.26	179	31	17.2
1968	66,171	148	2.23	146	25	16.9
1969	34,447	172	5.01	172	27	15.4
1970	18,086	182	10.05	181	27	14.8
1971	35,464	417	11.76	417	62	14.9
1972	112,393	674	6.00	673	99	14.7

Japan - Japon

1964	62,732	1,666	26.56	1,547	235	15.2
1965	80,485	2,358	29.30	2,297	350	15.2
1966	74,044	2,282	30.83	2,258	341	15.1
1967	104,761	3,396	32.42	3,377	510	15.1
1968	82,811	3,263	39.40	3,221	485	15.1
1969	79,061	3,440	43.51	3,415	513	15.0
1970	86,427	3,852	44.57	3,834	574	15.0
1971	141,565	5,396	38.12	5,380	807	15.0
1972	176,081	7,053	40.06	7,026	1,053	15.0

United States of America - Etats-Unis d'Amérique

1964	91,035	2,669	29.32	1,293	203	15.7
1965	183,806	5,131	27.92	2,013	316	15.7
1966	223,154	6,765	30.31	2,747	421	15.3
1967	108,651	5,551	51.09	739	119	16.1
1968	133,248	5,427	40.73	1,001	155	15.5
1969	229,372	8,906	38.83	896	138	15.4
1970	310,467	7,369	23.74	859	129	15.0
1971	128,075	3,622	28.28	854	127	14.9
1972	128,741	5,264	40.89	2,062	317	15.4

Imports: Cameras, motion picture, c.c. 911-18

Importations: Appareils de prise de vues animées, c.m. 911-18

Tariff Items:) and
) 46210-1 46220-1
 Numéros tarifaires) et

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	Nombre	milliers de \$		milliers de \$	milliers de \$	

Total - Total

1964	49,952	2,417	48.39	2,250	338	15.0
1965	40,910	2,693	65.82	2,192	330	15.1
1966	56,403	3,294	58.40	2,871	430	15.0
1967	67,871	3,776	55.64	3,368	504	14.9
1968	44,509	2,696	60.56	2,400	362	15.1
1969	47,605	2,725	57.24	2,456	369	15.0
1970	41,972	2,371	56.49	2,117	317	15.0
1971	55,328	3,098	55.98	2,808	419	14.9
1972	62,864	3,805	60.53	3,595	537	14.9

Total British Preferential - Total, préférence britannique

1964	12	6	509.00	5	*	5.6
1965	3	3	1,099.67	2	*	5.0
1966	410	23	56.20	20	2	10.9
1967	214	35	162.46	20	2	8.5
1968	6	30	4,986.33	1	*	5.6
1969	102	4	41.50	3	*	14.3
1970	12	41	3,448.25	13	2	14.2
1971	153	102	666.89	40	6	13.9
1972	123	57	463.41	18	1	5.6

Total Most Favoured Nation - Total, nation la plus favorisée

1964	49,939	2,410	48.26	2,244	338	15.0
1965	40,809	2,685	65.79	2,186	329	15.0
1966	55,993	3,271	58.42	2,851	428	15.0
1967	67,657	3,741	55.30	3,349	502	15.0
1968	44,478	2,664	59.90	2,398	361	15.1
1969	47,503	2,721	57.27	2,452	368	15.0
1970	41,960	2,330	55.52	2,104	315	15.0
1971	55,175	2,995	54.29	2,767	414	15.0
1972	62,491	3,740	59.85	3,568	533	14.9

Table 2 (Cont'd)
Tableau 2 (Suite)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valour à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	Nombre	milliers de \$		milliers de \$	milliers de \$	
<u>Total General - Total, général</u>						
1964	1	1	723.00	1	*	14.9
1965	98	4	45.84	4	1	29.9
1966-67	-	-	-	-	-	-
1968	25	1	50.20	1	*	30.0
1969-71	-	-	-	-	-	-
1972	250	9	36.00	9	3	33.3
<u>United Kingdom - Royaume-Uni</u>						
1964	12	6	509.00	5	*	5.6
1965	3	3	1,099.67	2	*	5.0
1966	10	15	1,453.10	11	1	9.7
1967	14	29	2,074.50	14	1	5.8
1968	6	30	4,986.33	1	*	5.6
1969	101	4	39.64	3	*	15.0
1970	7	40	5,699.71	12	2	14.1
1971	153	102	666.90	40	6	13.9
1972	122	57	467.21	18	1	5.6
<u>Austria - Autriche</u>						
1964	124	8	64.93	8	1	15.0
1965	1,214	84	69.10	84	13	15.0
1966	750	52	69.05	52	8	15.0
1967	1,975	114	57.67	114	17	15.0
1968	201	9	46.16	9	1	15.8
1969	2,732	121	44.33	121	18	15.0
1970	960	40	42.16	40	6	15.0
1971	4,155	149	35.85	148	21	14.4
1972	5,368	240	44.71	237	36	15.2
<u>France - France</u>						
1964	456	91	200.08	78	12	14.9
1965	255	61	240.70	50	7	15.0
1966	115	50	435.32	35	6	15.7
1967	142	75	531.05	41	6	15.0
1968	62	79	1,267.89	24	4	15.0
1969	106	65	617.24	48	7	14.8
1970	127	56	441.73	39	6	15.0
1971	112	78	700.44	42	6	15.0
1972	35	15	428.57	9	11	11.1

Table 2 (Cont'd)
Tableau 2 (Suite)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valour à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	Nombre	milliers de \$		milliers de \$	milliers de \$	
<u>Germany West - Allemagne de l'Ouest</u>						
1964	1,443	178	123.28	164	25	15.1
1965	751	120	160.23	118	18	15.1
1966	1,022	279	273.45	255	38	15.0
1967	2,203	283	128.24	268	40	15.0
1968	1,151	206	179.26	202	30	15.0
1969	787	239	304.16	217	33	15.0
1970	1,623	256	157.63	246	37	15.0
1971	1,620	282	174.36	282	42	15.0
1972	1,809	299	165.28	270	40	14.8
<u>Switzerland - Suisse</u>						
1964	1,296	161	124.59	161	24	15.0
1965	752	92	122.47	90	13	15.0
1966	146	26	175.86	24	4	15.0
1967	371	53	143.33	50	7	15.0
1968	456	75	165.56	73	11	15.1
1969	380	45	119.32	32	5	15.0
1970	260	48	183.58	36	5	15.0
1971	278	61	219.02	42	6	15.0
1972	886	100	112.87	69	10	14.5
<u>Hong Kong - Hong-Kong</u>						
1964	1,001	6	6.32	6	1	16.6
1965	285	5	16.47	4	1	14.8
1966	326	4	13.17	4	1	15.3
1967	612	8	13.57	8	1	14.8
1968	1,868	26	13.70	26	4	14.7
1969	1,242	26	20.66	26	4	14.8
1970	590	12	21.13	12	2	14.7
1971	594	26	43.34	25	4	15.0
1972	3,227	64	19.83	64	9	14.1
<u>Japan - Japon</u>						
1964	39,021	1,425	36.51	1,425	214	15.0
1965	30,323	1,121	36.97	1,121	168	15.0
1966	47,090	1,931	41.01	1,931	290	15.0
1967	57,238	2,405	42.02	2,405	361	15.0
1968	36,425	1,673	45.94	1,673	251	15.0
1969	37,896	1,661	43.83	1,660	249	15.0
1970	33,138	1,413	42.64	1,402	210	15.0
1971	40,151	1,652	41.15	1,651	247	15.0
1972	42,755	2,217	51.85	2,217	331	14.9

Table 2 (Concl'd)
Tableau 2 (Fin)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valour à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	Nombre	milliers de \$		milliers de \$	milliers de \$	

United States of America - Etats-Unis d'Amérique

1964	6,591	538	81.62	399	60	15.1
1965	7,199	1,192	165.58	709	107	15.1
1966	6,512	917	140.82	538	81	15.0
1967	4,694	734	156.35	393	58	14.8
1968	4,142	564	136.11	364	56	15.5
1969	3,664	499	136.18	285	43	15.2
1970	5,239	491	93.77	321	48	15.0
1971	8,039	738	91.75	569	85	15.0
1972	8,310	800	96.27	697	105	15.1

Others - Autres

1964	8	3	405.38	3	*	15.0
1965	128	14	109.50	14	3	19.8
1966	432	20	46.45	20	3	13.9
1967	622	75	120.48	75	11	15.0
1968	198	33	167.68	29	5	15.9
1969	697	64	91.85	63	9	15.0
1970	28	14	515.11	9	1	15.0
1971	226	9	40.87	9	1	15.0
1972	352	14	39.77	14	4	28.6

Table 3

Tableau 3

Imports: Parts of cameras, except lenses, c.c. 911-39

Importations: Pièces d'appareils de prise de vues, sauf les lentilles
c.m. 911-39

Tariff Items) and
) 46205-1, 46210-1, 46215-1, 46220-1 46225-1
 Numéros tarifaires) et

<u>Year</u>	Total imports	<u>Dutiable value</u>	<u>Duty collected</u>	Duty as % of dutiable value
<u>Année</u>	Importations totales	Valeur imposable	Droits perçus	Droits en % de la valeur imposable
	\$'000	\$'000	\$'000	
	milliers de \$	milliers de \$	milliers de \$	
<u>Total - Total</u>				
1964	1,401	1,098	193	17.5
1965	1,551	1,194	198	16.6
1966	1,616	1,234	214	17.4
1967	2,238	1,759	292	16.6
1968	2,190	1,748	284	16.3
1969	2,305	1,742	268	15.4
1970	1,623	1,198	179	15.0
1971	2,015	1,594	230	14.4
1972	2,221	1,631	242	14.8
<u>Total British Preferential - Total, préférence britannique</u>				
1964	19	15	1	5.1
1965	9	8	*	5.2
1966	21	17	1	8.8
1967	8	6	*	6.2
1968	23	17	1	3.5
1969	105	40	2	5.5
1970	8	6	*	7.5
1971	114	104	6	5.6
1972	49	28	2	7.1
<u>Total Most Favoured Nation - Total, nation la plus favorisée</u>				
1964	1,382	1,083	192	17.7
1965	1,542	1,187	197	16.6
1966	1,594	1,216	212	17.5
1967	2,225	1,748	290	16.6
1968	2,166	1,729	283	16.4
1969	2,193	1,695	264	15.6
1970	1,614	1,191	178	15.0
1971	1,896	1,486	223	15.0
1972	2,169	1,600	241	15.1

Table 3 (Cont'd)
Tableau 3 (Suite)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u> \$'000 milliers de \$	<u>Valeur imposable</u> \$'000 milliers de \$	<u>Droits perçus</u> \$'000 milliers de \$	<u>Droits en % de la valeur imposable</u>
<u>Total General - Total, général</u>				
1964-65	-	-	-	-
1966	1	1	*	29.9
1967	5	5	2	30.0
1968	2	2	*	27.2
1969	7	7	2	30.0
1970	1	1	*	32.1
1971	4	4	1	30.0
1972	3	3	1	33.3
<u>United Kingdom - Royaume-Uni</u>				
1964	19	15	1	5.1
1965	9	8	*	5.2
1966	21	17	1	8.8
1967	8	6	*	6.2
1968	23	17	1	3.5
1969	105	40	2	5.5
1970	8	6	*	7.5
1971	114	104	6	5.6
1972	49	28	2	7.1
<u>Germany West - Allemagne de l'Ouest</u>				
1964	135	100	15	15.1
1965	124	96	15	15.1
1966	232	166	25	14.9
1967	239	180	27	15.2
1968	251	208	31	15.1
1969	363	251	38	15.1
1970	182	151	23	15.0
1971	244	223	33	15.0
1972	213	101	15	14.9
<u>Japan - Japon</u>				
1964	60	55	8	15.0
1965	131	121	18	15.0
1966	119	105	16	15.2
1967	224	219	33	15.0
1968	306	304	46	15.0
1969	192	191	29	15.0
1970	96	92	14	15.0
1971	165	165	25	15.0
1972	310	299	45	15.1

Table 3 (Concl'd)
Tableau 3 (Fin)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers	milliers	milliers	
	de \$	de \$	de \$	

United States of America - Etats-Unis d'Amérique

1964	1,149	894	163	18.3
1965	1,233	924	158	17.1
1966	1,210	928	169	18.2
1967	1,595	1,224	211	17.2
1968	1,435	1,077	185	17.2
1969	1,577	1,218	192	15.8
1970	1,265	894	134	15.0
1971	1,408	1,043	156	15.0
1972	1,552	1,138	171	15.0

Others - Autres

1964	38	33	5	15.0
1965	55	45	7	15.1
1966	33	17	3	15.2
1967	167	124	19	15.0
1968	173	139	21	15.1
1969	61	35	5	15.1
1970	72	54	8	15.0
1971	79	55	8	15.0
1972	97	65	11	16.9

Table 4
Tableau 4

Imports: Camera accessories n.e.s., c.c. 911-49
Importations: Accessoires d'appareils de prise de vues, n.d.a.,
c.m. 911-49

Tariff Items) 44603-1, 46210-1, and
) 46200-1, 46235-1, 46255-1 62300-1
Numéros tarifaires) et

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers de \$	milliers de \$	milliers de \$	

Total - Total

1964	1,939	633	118	18.6
1965	2,459	996	188	18.9
1966	2,711	1,185	214	18.1
1967	3,055	1,351	257	19.0
1968	3,350	1,766	313	17.7
1969	4,668	2,633	429	16.3
1970	5,026	3,120	460	14.7
1971	6,070	3,862	567	14.7
1972	7,445	4,184	593	14.2

Total British Preferential - Total, préférence britannique

1964	23	5	*	9.6
1965	22	14	1	9.2
1966	25	9	1	12.4
1967	92	5	1	11.5
1968	10	5	*	8.5
1969	45	13	1	9.2
1970	40	4	*	6.6
1971	38	14	2	11.8
1972	311	90	5	5.6

Total Most Favoured Nation - Total, nation la plus favorisée

1964	1,915	626	117	18.7
1965	2,435	980	186	19.0
1966	2,684	1,173	212	18.1
1967	2,959	1,342	255	19.0
1968	3,338	1,759	312	17.7
1969	4,616	2,613	425	16.3
1970	4,980	3,110	458	14.7
1971	6,017	3,832	559	14.6
1972	7,109	4,071	579	14.2

Table 4 (Cont'd)
Tableau 4 (Suite)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	
	milliers de \$	milliers de \$	milliers de \$	
<u>Total General - Total, général</u>				
1964	1	1	*	30.6
1965	3	3	1	32.9
1966	2	2	1	31.2
1967	4	4	1	31.5
1968	2	2	1	35.9
1969	7	7	3	38.3
1970	6	6	2	33.4
1971	16	16	6	36.2
1972	25	25	10	40.0
<u>United Kingdom - Royaume-Uni</u>				
1964	23	5	*	9.6
1965	21	14	1	9.2
1966	20	6	1	10.3
1967	87	5	1	10.8
1968	10	5	*	8.5
1969	41	13	1	9.2
1970	33	4	*	6.6
1971	36	14	2	11.8
1972	93	34	2	5.9
<u>Germany West - Allemagne de l'Ouest</u>				
1964	489	126	25	19.7
1965	573	231	42	18.2
1966	629	411	66	16.2
1967	595	350	58	16.7
1968	812	572	90	15.7
1969	980	701	100	14.3
1970	1,017	807	95	11.8
1971	1,032	749	87	11.6
1972	1,202	764	85	11.1
<u>Sweden - Suède</u>				
1964	21	16	2	15.8
1965	16	11	2	16.6
1966	29	22	3	15.8
1967	28	20	3	16.0
1968	71	60	9	15.3
1969	59	43	7	15.3
1970	64	45	7	15.0
1971	120	99	15	15.2
1972	131	98	15	15.3

Table 4 (Concl'd)
Tableau 4 (Fin)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers	milliers	milliers	
	de \$	de \$	de \$	

Hong Kong - Hong-Kong

1964	2	2	*	18.7
1965	2	1	*	22.4
1966	1	1	*	20.0
1967	3	3	*	15.7
1968	21	20	4	19.1
1969	16	15	3	19.7
1970	25	25	5	19.4
1971	56	50	10	19.3
1972	49	47	9	19.1

Japan- Japon

1964	502	197	39	19.7
1965	744	327	64	19.6
1966	735	357	71	19.8
1967	1,051	527	106	20.1
1968	990	507	97	19.2
1969	1,284	781	132	16.9
1970	1,420	888	134	15.1
1971	2,240	1,575	225	14.3
1972	2,947	2,018	290	14.4

United States of America - Etats-Unis d'Amérique

1964	877	274	48	17.7
1965	1,046	374	72	19.2
1966	1,261	363	68	18.7
1967	1,238	424	84	19.8
1968	1,409	589	109	18.6
1969	2,195	1,035	177	17.1
1970	2,374	1,315	211	16.1
1971	2,404	1,280	208	16.3
1972	2,617	1,069	167	15.6

Germany East - Allemagne de l'Est

1964	1	1	*	30.6
1965	3	3	1	32.9
1966	2	2	1	31.2
1967	4	4	1	31.5
1968	2	2	1	35.9
1969	7	7	3	38.3
1970	6	6	2	33.4
1971	16	16	6	36.2
1972	25	25	10	40.0

Table 5
Tableau 5

Imports: Projectors, overhead type, c.c. 912-02^(a)
Importations: Projecteurs (Retro), c.m. 912-02^{a)}

Tariff Items) and
) 46300-1 69605-1
Numéros tarifaires) et

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	milliers			milliers	milliers	
	nombre	de \$		de \$	de \$	
<u>Total - Total</u>						
1971	6,096	517	84.73	368	55	15.0
1972	8,365	648	77.47	568	85	15.0
<u>Total British Preferential - Total, préférence britannique</u>						
1971	3	3	919.67	-	-	-
1972	1	*	*	-	-	-
<u>Total Most Favoured Nation - Total, nation la plus favorisée</u>						
1971	6,093	514	84.32	368	55	15.0
1972	8,364	648	77.47	568	85	15.0
<u>United Kingdom - Royaume-Uni</u>						
1971	3	3	919.67	-	-	-
1972	1	*	*	-	-	-
<u>Denmark - Danemark</u>						
1971	12	1	82.50	1	*	14.8
1972	-	-	-	-	-	-
<u>Germany West - Allemagne de l'Ouest</u>						
1971	4	*	81.50	*	*	15.0
1972	14	2	142.86	2	*	-
<u>Japan - Japon</u>						
1971	8	1	74.88	1	*	14.7
1972	206	8	38.83	8	1	12.5
<u>United States of America - Etats-Unis d'Amérique</u>						
1971	6,069	512	84.34	366	55	15.0
1972	8,138	637	78.27	557	84	15.1

(a) Prior to 1971, part of c.c. 912-19
"Projection apparatus and parts n.e.s."

a) Antérieurement à 1971, compris dans la c.m. 912-19
"Appareils de projection et pièces. n.d.a."

Imports: Projectors, still picture (except microfilm projectors),
c.c. 912-04

Importations: Appareils de projection fixe (sauf les appareils de
projection de microfilm), c.m. 912-04

Tariff Items) and
) 46300-1, 46310-1 69605-1
Numéros tarifaires) et

<u>Year</u>	<u>Total imports</u>	<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number \$'000	\$	\$'000	\$'000	
	milliers		milliers	milliers	
	nombre de \$		de \$	de \$	

Total - Total

1964	40,535	1,666	41.10	1,215	182	15.0
1965	53,672	2,443	45.52	1,656	248	15.0
1966	47,563	2,831	59.52	2,022	303	15.0
1967	61,249	4,040	65.96	2,614	392	15.0
1968	65,006	3,628	55.81	2,805	420	15.0
1969	79,093	4,209	53.22	2,890	433	15.0
1970	70,334	3,322	47.23	2,289	343	15.0
1971	63,284	3,229	51.02	2,453	369	15.0
1972	76,361	3,708	48.56	2,759	413	15.0

Total British Preferential - Total, préférence britannique

1964	8,474	222	26.19	2	*	14.9
1965	14,099	452	32.03	11	2	15.0
1966	7,048	266	37.68	-	-	-
1967	7,847	493	62.77	-	-	-
1968	8,321	313	37.64	4	*	2.5
1969	8,097	440	54.38	4	*	2.5
1970	12,439	582	46.80	-	-	-
1971	9,043	337	37.22	2	*	15.0
1972	17,595	651	37.00	-	-	-

Total Most Favoured Nation - Total, nation la plus favorisée

1964	32,061	1,444	45.04	1,213	182	15.0
1965	39,573	1,991	50.32	1,646	247	15.0
1966	40,515	2,565	63.32	2,022	303	15.0
1967	53,401	3,425	64.14	2,614	392	15.0
1968	56,685	3,315	58.47	2,800	420	15.0
1969	70,996	3,769	53.08	2,886	433	15.0
1970	57,895	2,739	47.32	2,289	343	15.0
1971	54,241	2,892	53.32	2,451	369	15.0
1972	58,766	3,058	52.04	2,759	413	15.0

Table 6 (Cont'd)
Tableau 6 (Suite)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valour à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	milliers			milliers	milliers	
	nombre	de \$		de \$	de \$	

United Kingdom - Royaume-Uni

1964	214	18	84.84	1	*	14.9
1965	339	12	34.21	-	-	-
1966	30	4	131.60	-	-	-
1967	255	35	138.38	-	-	-
1968	1,084	13	12.11	4	*	2.5
1969	81	6	68.51	4	*	2.5
1970	7	5	662.57	-	-	-
1971	315	8	26.70	2	*	15.0
1972	14	7	500.00	-	-	-

Australia - Australie

1964	8,260	204	24.67	*	*	14.7
1965	13,760	440	31.98	11	2	15.0
1966	7,018	262	37.28	-	-	-
1967	7,592	457	60.23	-	-	-
1968	7,237	300	41.46	-	-	-
1969	8,016	435	54.24	-	-	-
1970	12,432	578	46.46	-	-	-
1971	8,728	328	37.60	-	-	-
1972	17,581	644	36.63	-	-	-

France - France

1964	174	4	20.83	4	1	14.8
1965	81	4	44.88	3	*	15.0
1966	315	11	36.08	10	1	14.8
1967	120	6	46.81	1	*	14.9
1968	108	10	89.49	5	1	14.9
1969	25	1	37.80	*	*	14.7
1970	18	2	96.83	2	*	14.9
1971	16	1	62.69	1	*	14.9
1972	5	1	200.00	1	*	-

Germany West - Allemagne de l'Ouest

1964	2,929	146	49.84	137	21	14.9
1965	1,174	77	65.78	65	10	14.9
1966	1,335	93	69.29	83	12	14.9
1967	1,530	110	72.20	95	14	14.9
1968	2,048	120	58.52	95	14	14.9
1969	2,167	156	71.84	131	20	15.0
1970	1,023	81	79.23	72	11	15.0
1971	1,951	130	66.74	121	18	15.0
1972	1,997	152	76.11	151	22	14.6

Table 6 (Concl'd)
Tableau 6 (Fin)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valour à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	nombre	milliers de \$		milliers de \$	milliers de \$	
<u>Italy - Italie</u>						
1964	-	-	-	-	-	-
1965	111	5	48.15	5	1	16.7
1966	244	16	64.74	16	2	15.0
1967	48	3	68.98	3	*	15.0
1968	22	2	78.91	2	*	15.0
1969	2,053	58	28.45	57	8	15.0
1970	666	17	25.50	16	2	15.0
1971	101	6	56.96	6	1	15.0
1972	51	2	39.22	-	-	-
<u>Japan - Japon</u>						
1964	1,043	13	12.72	13	2	14.9
1965	2,482	58	23.19	58	9	14.9
1966	1,150	36	31.08	35	5	15.0
1967	1,154	30	25.98	30	4	15.0
1968	3,375	84	24.80	74	11	14.9
1969	2,899	65	22.43	65	10	15.1
1970	868	29	33.97	29	4	15.0
1971	668	22	32.26	22	4	19.7
1972	4,059	118	29.07	96	14	14.6
<u>United States of America - Etats-Unis d'Amérique</u>						
1964	26,518	1,249	47.12	1,028	154	15.0
1965	34,280	1,805	52.66	1,473	221	15.0
1966	33,668	2,393	71.06	1,862	279	15.0
1967	50,514	3,250	64.34	2,466	370	15.0
1968	51,129	3,087	60.38	2,612	391	15.0
1969	63,334	3,482	54.97	2,626	394	15.0
1970	55,312	2,603	47.06	2,163	324	15.0
1971	50,480	2,721	53.90	2,289	343	15.0
1972	52,653	2,784	52.87	2,511	377	15.0
<u>Others - Autres</u>						
1964	1,397	32	22.79	32	5	14.9
1965	1,445	42	29.31	42	6	14.9
1966	3,803	17	4.55	16	2	14.7
1967	36	148	4,118.31	19	3	15.0
1968	3	12	4,089.33	12	2	19.3
1969	518	7	13.71	7	1	14.4
1970	8	7	881.63	7	1	15.0
1971	1,025	13	12.53	13	2	15.0
1972	1	1	1,000.00	1	*	-

Table 7
Tableau 7

Imports: Projectors, motion picture, c.c. 912-08
Importations: Cinématographes, c.m. 912-08

Tariff Items) and
) 46305-1 69605-1
Numéros tarifaires) et

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
		milliers		milliers	milliers	
	nombre	de \$		de \$	de \$	

Total - Total

1964	20,448	1,485	72.60	1,423	213	15.0
1965	16,228	1,606	98.94	1,551	232	15.0
1966	23,155	2,615	112.94	2,522	378	15.0
1967	25,839	2,591	100.27	2,400	360	15.0
1968	26,166	2,277	87.03	2,120	318	15.0
1969	26,103	2,911	111.53	2,670	402	15.1
1970	23,385	2,922	124.97	2,512	376	15.0
1971	35,674	3,461	97.02	3,237	485	15.0
1972	48,562	3,976	81.87	3,855	578	15.0

Total British Preferential - Total, préférence britannique

1964	82	12	150.64	-	-	-
1965	14	2	172.64	*	*	15.0
1966	15	12	818.80	9	1	15.0
1967	22	26	1,177.91	21	3	15.0
1968	18	23	1,285.50	13	2	15.0
1969	85	67	791.02	10	2	15.0
1970	358	170	474.25	40	6	14.9
1971	146	74	509.94	18	3	15.0
1972	128	55	429.69	16	2	12.5

Total Most Favoured Nation - Total, nation la plus favorisée

1964	20,366	1,472	72.29	1,423	213	15.0
1965	16,214	1,603	98.88	1,550	232	15.0
1966	23,140	2,603	112.48	2,513	377	15.0
1967	25,817	2,565	99.35	2,380	357	15.0
1968	26,148	2,254	86.20	2,107	316	15.0
1969	26,018	2,844	109.31	2,660	401	15.1
1970	23,027	2,753	119.54	2,472	370	15.0
1971	35,528	3,387	95.32	3,219	483	15.0
1972	48,434	3,920	80.93	3,839	576	15.0

Table 7 (Cont'd)
Tableau 7 (Suite)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
		milliers		milliers	milliers	
	nombre	de \$		de \$	de \$	

United Kingdom - Royaume-Uni

1964	82	12	150.54	-	-	-
1965	14	2	172.64	*	*	15.0
1966	15	12	818.80	9	1	15.0
1967	22	26	1,177.91	21	3	15.0
1968	17	20	1,150.24	13	2	15.0
1969	85	67	791.02	10	2	15.0
1970	357	170	474.80	40	6	14.9
1971	146	74	509.94	18	3	15.0
1972	26	39	1,500.00	-	-	-

Austria - Autriche

1964	4,029	197	48.99	197	30	14.9
1965	2,125	129	60.92	129	19	15.0
1966	1,427	83	58.40	83	12	15.0
1967	3,688	181	49.20	181	27	15.0
1968	3,205	177	55.30	177	27	15.0
1969	4,469	223	49.85	221	33	15.0
1970	2,726	125	45.71	119	18	15.0
1971	5,774	288	49.90	284	43	15.0
1972	13,973	596	42.65	592	89	15.0

Germany West - Allemagne de l'Ouest

1964	293	33	113.20	32	5	15.0
1965	118	34	286.80	28	4	14.9
1966	862	112	129.46	109	16	15.0
1967	916	263	287.07	260	39	15.0
1968	1,218	105	86.06	100	15	14.9
1969	525	105	200.75	99	15	15.0
1970	710	178	251.11	167	25	15.0
1971	1,045	155	148.29	151	23	15.0
1972	1,013	109	107.60	102	15	14.7

Italy - Italie

1964	614	26	41.66	26	4	15.0
1965	6	23	3,775.50	23	3	15.0
1966	713	70	98.37	62	9	14.9
1967	114	50	437.49	50	7	15.0
1968	30	34	1,125.47	34	5	15.0
1969	1,711	264	154.04	264	40	15.0
1970	29	82	840.79	82	12	15.0
1971	526	122	231.40	111	17	15.2
1972	1,680	161	95.83	161	24	14.9

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valour à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	milliers			milliers	milliers	
	nombre	de \$		de \$	de \$	

Switzerland - Suisse

1964	2,174	156	71.77	156	23	15.0
1965	1,692	111	65.38	111	17	15.0
1966	533	58	108.90	57	9	15.0
1967	767	102	133.62	102	15	15.0
1968	363	66	182.30	64	10	15.0
1969	563	56	99.06	45	7	15.0
1970	586	52	89.55	47	7	15.0
1971	1,208	142	117.57	90	13	15.0
1972	1,413	82	58.03	81	12	14.8

Japan - Japon

1964	4,965	172	34.55	172	26	15.0
1965	4,572	219	47.83	217	32	14.7
1966	7,140	324	45.41	315	47	15.0
1967	8,207	424	51.61	422	63	14.9
1968	9,179	488	53.19	488	73	14.9
1969	8,308	453	54.48	441	66	14.9
1970	7,953	508	63.84	475	71	14.9
1971	14,129	640	45.27	634	95	15.0
1972	15,088	753	49.91	753	112	14.9

United States of America - Etats-Unis d'Amérique

1964	8,185	769	93.93	721	108	15.0
1965	7,610	959	126.07	919	138	15.0
1966	12,433	1,922	154.61	1,852	278	15.0
1967	12,028	1,303	108.32	1,129	170	15.0
1968	12,059	1,337	110.84	1,209	181	15.0
1969	10,342	1,643	158.85	1,496	226	15.1
1970	10,949	1,756	160.40	1,535	230	15.0
1971	12,678	1,987	156.74	1,898	285	15.0
1972	15,171	2,185	144.02	2,119	319	15.1

Others - Autres

1964	106	120	1,129.33	120	18	15.0
1965	91	129	1,412.91	123	18	15.0
1966	32	33	1,036.34	33	5	15.0
1967	97	242	2,491.56	235	36	15.2
1968	95	51	535.83	35	5	15.1
1969	100	101	1,010.08	94	14	15.3
1970	75	51	682.32	46	7	15.0
1971	168	53	314.71	50	8	14.9
1972	198	51	257.58	47	7	14.9

Table 8

Tableau 8

Imports: Projection apparatus and parts n.e.s., c.c. 912-19^(a)
 Importations: Appareils de projection et pièces n.d.a., c.m. 912-19^{a)}

Tariff Items:) and
) 44603-1, 46200-1, 46305-1, 46315-1 46325-1
 Numéros tarifaires) et

<u>Year</u>	<u>Total Imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers	milliers	milliers	
	de \$	de \$	de \$	

Total - Total

1964	3,332	2,987	333	11.1
1965	5,051	4,605	479	10.4
1966	4,448	4,081	445	10.9
1967	6,744	6,080	677	11.1
1968	7,362	6,829	747	10.9
1969	7,286	6,787	731	10.8
1970	6,329	5,987	642	10.7
1971(a)	7,161	6,882	722	10.5
1972	6,550	6,293	657	10.4

Total British Preferential - Total, préférence britannique

1964	38	14	1	7.6
1965	33	16	1	4.6
1966	50	16	1	9.4
1967	128	19	1	7.5
1968	74	42	3	6.7
1969	86	45	5	10.4
1970	97	56	3	6.1
1971(a)	99	52	2	3.3
1972	153	103	3	2.9

Total Most Favoured Nation - Total, nation la plus favorisée

1964	3,294	2,973	332	11.2
1965	5,018	4,589	478	10.4
1966	4,399	4,065	444	10.9
1967	6,617	6,061	676	11.2
1968	7,289	6,787	745	11.0
1969	7,198	6,742	726	10.8
1970	6,232	5,932	639	10.8
1971(a)	7,062	6,831	720	10.5
1972	3,295	6,188	654	10.6

Table 8 (Cont'd)
Tableau 8 (Suite)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000 milliers de \$	\$'000 milliers de \$	\$'000 milliers de \$	
<u>United Kingdom - Royaume-Uni</u>				
1964	30	6	1	10.6
1965	29	14	1	4.1
1966	36	3	*	12.0
1967	95	10	1	6.9
1968	55	26	1	4.9
1969	64	28	2	7.8
1970	43	16	1	3.2
1971(a)	51	3	*	12.1
1972	76	26	1	3.8
<u>Australia - Australie</u>				
1964	7	7	*	4.9
1965	4	2	*	7.9
1966	14	13	1	8.9
1967	32	9	1	8.2
1968	18	15	2	9.9
1969	21	17	2	14.9
1970	54	40	3	7.2
1971(a)	48	48	1	2.7
1972	77	77	2	2.6
<u>Germany West - Allemagne de l'Ouest</u>				
1964	58	47	7	15.3
1965	124	41	6	15.2
1966	82	47	7	15.4
1967	255	208	32	15.1
1968	171	117	18	15.0
1969	118	97	14	14.6
1970	82	79	12	14.9
1971(a)	99	98	14	14.6
1972	69	61	9	14.8
<u>Japan - Japon</u>				
1964	51	49	5	11.0
1965	162	155	15	9.9
1966	140	137	15	11.2
1967	179	169	15	9.1
1968	341	338	31	9.1
1969	408	400	36	9.1
1970	551	545	48	8.8
1971(a)	404	403	37	9.3
1972	200	200	25	12.5

Table 8 (Concl'd)
Tableau 8 (Fin)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers	milliers	milliers	
	de \$	de \$	de \$	

United States of America - Etats-Unis d'Amérique

1964	3,073	2,804	308	11.0
1965	4,632	4,324	446	10.3
1966	4,021	3,770	404	10.7
1967	5,838	5,421	588	10.9
1968	6,618	6,194	676	10.9
1969	6,495	6,076	650	10.7
1970	5,520	5,231	568	10.9
1971 ^(a)	6,497	6,268	659	10.5
1972	6,058	5,863	610	10.4

Others - Autres

1964	111	73	11	15.2
1965	100	69	11	15.3
1966	155	111	17	15.0
1967	345	263	41	15.5
1968	158	139	21	15.0
1969	179	168	25	15.1
1970	80	77	11	14.4
1971 ^(a)	63	62	10	15.6
1972	68	64	10	15.6

(a) Effective January 1, 1970, changed to "Projection apparatus, accessories and parts, n.e.s."; effective January 1, 1971, excludes "Projectors, overhead type" provided for in c.c. 912-02.

a) A compter du 1^{er} janvier 1970, modifiée ainsi: "Appareils et accessoires de projection et pièces n.d.a."; à compter du 1^{er} janvier 1971, exclut les "Projecteurs (Retro)" compris dans la c.m. 912-02.

Table 9
Tableau 9

Imports: Photoflash lamps, (bulbs), c.c. 919-08
Importations: Lampes éclairs, (ampoules), c.m. 919-08

Tariff Items) and
) 44504-1 44524-1
Numéros tarifaires) et

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	Nombre	milliers de \$		milliers de \$	milliers de \$	
<u>Total - Total</u>						
1964	1,536,857	80	.05	80	20	24.5
1965	1,517,806	159	.10	145	36	24.8
1966	2,075,832	158	.08	158	39	25.0
1967	6,323,992	351	.06	351	85	24.3
1968	7,122,404	383	.05	383	67	17.6
1969	6,719,127	371	.06	362	63	17.3
1970	14,437,192	1,022	.07	1,022	169	16.5
1971	4,109,686	413	.10	413	67	16.1
1972	14,017,450	938	.07	938	158	16.8
<u>Total British Preferential - Total, préférence britannique</u>						
1964-66	-	-	-	-	-	-
1967	120,000	7	.06	7	1	15.0
1968	1,394,784	81	.06	31	7	8.9
1969	942,000	51	.05	43	1	3.5
1970	-	-	-	-	-	-
1971	120,000	6	.05	6	1	15.0
1972	-	-	-	-	-	-
<u>Total Most Favoured Nation - Total, national la plus favorisée</u>						
1964	1,536,857	80	.05	80	20	24.5
1965	1,517,806	159	.10	145	36	24.8
1966	2,075,832	158	.08	158	39	25.0
1967	6,203,992	343	.06	343	84	24.5
1968	5,727,620	302	.05	302	60	20.0
1969	5,777,127	319	.06	319	61	19.1
1970	14,437,192	1,022	.07	1,022	169	16.5
1971	3,989,686	407	.10	407	66	16.2
1972	14,017,450	938	.07	938	158	16.8

Table 9 (Concl'd)
Tableau 9 (Fin)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	Nombre	milliers de \$		milliers de \$	milliers de \$	

United Kingdom - Royaume-Uni

1964-66	-	-	-	-	-	-
1967	120,000	7	.06	7	1	15.0
1968	1,394,784	81	.06	81	7	8.9
1969	842,000	48	.06	39	1	2.5
1970	-	-	-	-	-	-
1971	120,000	6	.05	6	1	15.0
1972	-	-	-	-	-	-

The Netherlands - Pays-Bas

1964	180,050	5	.03	5	1	25.0
1965	203,501	7	.04	7	2	25.0
1966	417,800	12	.03	12	3	25.0
1967	555,016	59	.11	59	14	22.9
1968	2,119,648	120	.06	120	22	18.0
1969	3,315,880	135	.04	135	24	17.9
1970	2,694,080	106	.04	106	19	17.9
1971	-	-	-	-	-	-
1972	328,668	12	.04	12	2	16.7

Japan - Japon

1964	930,629	32	.03	32	8	24.2
1965	246,227	9	.04	9	2	24.6
1966	-	-	-	-	-	-
1967	4,182,976	163	.04	163	41	24.9
1968	18,755	1	.03	1	*	23.8
1969-71	-	-	-	-	-	-
1972	29,712	1	.03	1	*	-

United States of America - Etats-Unis d'Amérique

1964	426,178	43	.10	43	11	24.7
1965	1,027,542	138	.13	124	31	24.8
1966	1,638,032	143	.09	143	36	25.0
1967	1,344,000	112	.08	112	28	24.8
1968	2,280,425	96	.04	96	22	22.4
1969	2,246,764	171	.08	171	34	20.1
1970	11,611,892	908	.08	908	148	16.3
1971	3,902,714	398	.10	398	64	16.1
1972	13,655,070	925	.07	925	156	16.9

Table 10

Tableau 10

Imports: Photographic lamps, (bulbs) n.e.s., c.c. 919-10

Importations: Lampes pour photographie (ampoules) n.d.a., c.m. 919-10

Tariff Item)
) 44504-1
 Numéro tarifaire)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	milliers			milliers	milliers	
	nombre	de \$		de \$	de \$	

Total - Total

1964	167,911	329	1.96	320	79	24.7
1965	240,648	408	1.70	400	99	24.7
1966	409,099	470	1.15	454	113	24.8
1967	1,126,164	714	.63	702	174	24.8
1968	389,274	726	1.86	717	168	23.5
1969	361,346	927	2.56	883	184	20.8
1970	569,076	1,375	2.42	1,309	253	19.4
1971	514,127	1,423	2.77	1,352	263	19.4
1972	541,488	1,406	2.73	1,429	285	19.9

Total British Preferential - Total, préférence britannique

1964	101	2	19.32	*	*	17.0
1965	650	1	2.00	1	*	20.5
1966	525	2	3.61	1	*	24.9
1967	615	2	4.02	1	*	19.1
1968	2,260	6	2.74	4	1	18.3
1969	3,084	6	2.08	6	1	18.6
1970	3,688	6	1.54	6	1	15.0
1971	11,635	22	1.86	21	3	15.0
1972	27,889	42	1.51	37	6	16.2

Total Most Favoured Nation - Total, nation la plus favorisée

1964	167,810	327	1.95	320	79	24.7
1965	239,998	407	1.70	399	99	24.7
1966	408,574	468	1.15	453	113	24.8
1967	1,125,549	712	.63	700	174	24.8
1968	387,014	720	1.86	713	167	23.5
1969	358,262	920	2.57	877	183	20.8
1970	565,388	1,369	2.42	1,303	253	19.4
1971	502,492	1,402	2.79	1,330	259	19.5
1972	513,599	1,434	2.79	1,392	279	20.0

Table 10 (Concl'd)
Tableau 10 (Fin)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valour à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$	\$'000	\$'000	
	milliers			milliers	milliers	
	nombre	de \$		de \$	de \$	
<u>United Kingdom - Royaume-Uni</u>						
1964	101	2	19.32	*	*	17.0
1965	650	1	2.00	1	*	20.5
1966	525	2	3.61	1	*	24.9
1967	615	2	4.02	1	*	19.1
1968	2,260	6	2.74	4	1	18.3
1969	3,084	6	2.08	6	1	18.6
1970	3,688	6	1.54	6	1	15.0
1971	11,635	22	1.86	21	3	15.9
1972	27,317	42	1.54	37	6	16.2
<u>Germany West - Allemagne de l'Ouest</u>						
1964	951	2	1.59	2	*	24.0
1965	3,421	12	3.50	12	2	19.5
1966	4,248	8	1.91	8	2	21.4
1967	7,012	13	1.88	13	3	24.9
1968	6,851	26	3.86	26	4	16.8
1969	12,524	54	4.31	51	8	16.1
1970	5,740	91	15.90	88	14	15.4
1971	5,544	47	8.43	46	7	14.8
1972	6,159	37	6.01	26	4	15.4
<u>Japan - Japon</u>						
1964	11,706	10	.87	10	2	23.9
1965	36,755	31	.84	31	8	25.0
1966	19,799	17	.88	17	4	24.7
1967	460,527	36	.08	36	9	25.0
1968	18,184	24	1.35	24	5	22.0
1969	31,735	32	1.00	29	6	19.9
1970	32,368	40	1.24	39	7	18.7
1971	43,237	75	1.74	75	13	17.8
1972	68,842	98	1.42	96	18	18.8
<u>United States of America - Etats-Unis d'Amérique</u>						
1964	139,315	300	2.15	293	72	24.7
1965	191,069	352	1.84	345	86	24.8
1966	374,402	435	1.16	420	105	24.9
1967	481,866	636	1.32	624	155	24.8
1968	231,880	616	2.66	611	145	23.8
1969	277,395	801	2.89	766	162	21.1
1970	386,239	1,174	3.04	1,127	222	19.7
1971	386,515	1,252	3.24	1,186	235	19.8
1972	375,997	1,231	3.27	1,212	245	20.2

Table 11
Tableau 11

Imports: Camera and projection lenses, c.c. 919-39

Importations: Lentilles de camera et de production, c.m. 919-39

Tariff Items) and
) 46200-1, 46210-1, 46225-1 46320-1
Numéros tarifaires) et

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000 milliers de \$	\$'000 milliers de \$	\$'000 milliers de \$	

Total - Total

1964	942	691	94	13.6
1965	1,320	1,026	134	13.1
1966	1,500	1,217	169	13.9
1967	2,383	1,804	256	14.2
1968	2,004	1,788	244	13.7
1969	2,824	2,424	336	13.9
1970	3,044	2,585	354	13.7
1971	3,966	3,343	472	14.1
1972	5,384	4,534	647	14.3

Total British Preferential - Total, préférence britannique

1964	18	6	*	3.7
1965	39	9	*	5.0
1966	18	17	1	3.2
1967	236	23	1	2.8
1968	42	34	2	5.3
1969	129	46	2	4.6
1970	129	69	5	7.2
1971	26	6	1	16.1
1972	120	14	1	7.1

Total Most Favoured Nation - Total, nation la plus favorisée

1964	923	684	94	13.7
1965	1,278	1,013	132	13.1
1966	1,479	1,196	168	14.0
1967	2,141	1,775	253	14.3
1968	1,962	1,754	242	13.8
1969	2,695	2,378	334	14.0
1970	2,915	2,516	349	13.9
1971	3,938	3,335	471	14.1
1972	5,261	4,517	645	14.3

Table 11 (Cont'd)
Tableau 11 (Suite)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers	milliers	milliers	
	de \$	de \$	de \$	
<u>United Kingdom - Royaume-Uni</u>				
1964	18	6	*	3.7
1965	39	9	*	5.0
1966	18	17	1	3.2
1967	236	23	1	2.8
1968	42	34	2	5.3
1969	129	46	2	4.5
1970	128	68	5	7.3
1971	25	5	1	16.3
1972	118	12	1	8.3
<u>France - France</u>				
1964	10	4	1	15.0
1965	31	26	4	15.0
1966	26	24	4	15.0
1967	27	23	3	15.0
1968	26	21	3	16.2
1969	128	103	16	15.1
1970	111	90	13	15.0
1971	108	62	9	15.0
1972	195	155	23	14.8
<u>Germany West - Allemagne de l'Ouest</u>				
1964	124	97	14	14.7
1965	176	138	21	15.2
1966	208	152	23	14.9
1967	251	204	31	15.1
1968	233	208	31	15.1
1969	314	263	40	15.1
1970	283	245	37	15.0
1971	330	275	41	15.0
1972	244	140	21	15.0
<u>Sweden - Suède</u>				
1964	7	7	1	15.0
1965	19	19	3	14.7
1966	53	53	8	15.0
1967	68	68	10	15.0
1968	38	38	6	15.0
1969	60	60	9	15.0
1970	89	89	13	15.0
1971	137	137	21	15.0
1972	166	166	25	15.1

Table 11 (Concl'd)
Tableau 11 (Fin)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000 milliers de \$	\$'000 milliers de \$	\$'000 milliers de \$	
<u>Japan - Japon</u>				
1964	322	313	46	14.6
1965	416	395	58	14.7
1966	588	575	81	14.2
1967	931	926	131	14.2
1968	991	982	141	14.4
1969	1,343	1,324	191	14.5
1970	1,372	1,362	196	14.4
1971	2,162	2,109	309	14.7
1972	2,993	2,963	441	14.9
<u>United States of America - Etats-Unis d'Amérique</u>				
1964	419	222	26	11.6
1965	575	376	37	9.9
1966	539	335	43	12.9
1967	772	468	63	13.5
1968	606	442	51	11.5
1969	767	555	67	12.1
1970	923	598	70	11.7
1971	1,083	654	76	11.6
1972	1,540	993	120	12.1
<u>Others - Autres</u>				
1964	42	40	6	15.0
1965	64	62	10	16.6
1966	69	60	10	16.1
1967	98	92	17	18.0
1968	67	63	10	15.8
1969	84	73	11	15.2
1970	138	133	20	14.9
1971	120	101	15	15.3
1972	130	106	16	15.1

Table 12
Tableau 12

Imports: Film processing and finishing equipment and parts, c.c. 919-45
Importations: Appareils, finition des pellicules, pièces, c.m. 919-45

Tariff Items) and
) 41205-1, 46200-1, 46240-1 46245-1
Numéros tarifaires) et

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers de \$	milliers de \$	milliers de \$	
<u>Total - Total</u>				
1964	2,446	193	32	16.4
1965	3,589	223	37	16.7
1966	4,526	198	30	15.0
1967	6,313	440	61	13.9
1968	7,216	537	78	14.5
1969	10,025	1,242	185	14.9
1970	8,101	1,049	158	15.1
1971	9,433	1,258	186	14.8
1972	11,410	1,439	217	15.1
<u>Total British Preferential - Total, préférence britannique</u>				
1964	43	2	*	9.8
1965	61	1	*	9.5
1966	173	2	*	14.9
1967	411	7	*	2.8
1968	218	14	*	2.5
1969	371	41	2	4.5
1970	212	16	1	4.5
1971	392	57	2	3.9
1972	443	19	1	5.3
<u>Total Most Favoured Nation - Total, nation la plus favorisée</u>				
1964	2,403	192	32	16.5
1965	3,526	220	37	16.8
1966	4,353	197	29	15.0
1967	5,902	433	61	14.1
1968	6,992	517	77	14.9
1969	9,654	1,201	183	15.2
1970	7,889	1,032	157	15.2
1971	9,041	1,202	184	15.3
1972	10,966	1,419	216	15.2

Table 12 (Cont'd)
Tableau 12 (Suite)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers	milliers	milliers	
	de \$	de \$	de \$	
<u>United Kingdom - Royaume-Uni</u>				
1964	43	2	*	9.8
1965	60	1	*	9.5
1966	159	1	*	14.9
1967	411	7	*	2.8
1968	218	14	*	2.5
1969	371	41	2	4.5
1970	211	15	1	3.8
1971	392	57	2	3.9
1972	443	19	1	5.3
<u>Germany West - Allemagne de l'Ouest</u>				
1964	61	8	1	15.6
1965	116	10	1	14.1
1966	184	9	1	14.5
1967	318	55	8	14.9
1968	411	23	3	15.0
1969	544	95	15	15.5
1970	462	101	15	15.1
1971	546	102	15	15.0
1972	600	159	24	15.1
<u>Italy - Italie</u>				
1964	-	-	-	-
1965	15	3	1	20.3
1966	15	6	1	15.0
1967	18	6	1	15.0
1968	48	21	3	15.0
1969	136	69	10	15.0
1970	120	73	11	15.0
1971	143	73	11	15.0
1972	173	94	14	14.9
<u>Japan - Japon</u>				
1964	62	58	9	15.3
1965	61	53	8	15.0
1966	81	67	10	14.8
1967	64	55	8	15.3
1968	125	60	9	15.0
1969	218	136	20	15.0
1970	210	131	20	15.1
1971	253	163	25	15.1
1972	421	259	39	15.1

Table 12 (Concl'd)
Tableau 12 (Fin)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers de \$	milliers de \$	milliers de \$	
<u>United States of America - Etats-Unis d'Amérique</u>				
1964	2,257	125	21	17.1
1965	3,326	152	26	17.5
1966	4,058	112	17	15.0
1967	5,461	315	43	13.7
1968	6,299	406	60	14.9
1969	8,546	843	129	15.3
1970	6,827	688	105	15.3
1971	7,893	798	123	15.4
1972	9,503	851	131	15.4
<u>Others - Autres</u>				
1964	23	1	*	18.8
1965	9	4	1	14.2
1966	28	2	*	20.1
1967	41	2	*	12.2
1968	115	12	2	12.2
1969	209	59	9	15.0
1970	272	40	6	15.3
1971	207	67	10	14.8
1972	269	56	8	14.3

Table 13

Tableau 13

Imports: Photocopy and similar machines, office type and parts,
c.c. 919-47^(a)

Importations: Appareils de photocopie et similaires pièces, c.m. 919-47^{a)}

Tariff Items) and
) 42700-1, 46240-1, 69605-1 71100-1
Numéros tarifaires) et

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$/no.	\$'000	\$'000	
		milliers		milliers	milliers	
	Nombre	de \$	\$/unité	de \$	de \$	

Total - Total

1966	14,366	16,856	1,173.35	192	36	18.6
1967	17,191	27,981	1,627.63	563	77	13.6
1968	20,383	23,804	1,167.82	673	107	15.9
1969	22,770	25,260	1,109.36	319	49	15.2
1970	22,688	31,354	1,381.97	413	70	17.0
1971	23,105	37,984	1,643.97	304	40	13.1
1972	27,632	51,885	1,877.71	664	104	15.7

Total British Preferential - Total, préférence britannique

1966	4	9	2,221.50	-	-	-
1967	29	61	2,090.34	5	1	15.0
1968	54	27	494.74	-	-	-
1969	154	28	178.62	3	*	2.5
1970	87	22	247.51	1	*	15.0
1971	62	39	626.65	-	-	-
1972	11	13	1,181.82	-	-	-

Total Most Favoured Nation - Total, nation la plus favorisée

1966	14,362	16,847	1,173.06	192	36	18.6
1967	17,162	27,920	1,626.85	558	76	13.6
1968	20,329	23,777	1,169.61	673	107	15.9
1969	22,616	25,233	1,115.70	316	48	15.4
1970	22,601	31,333	1,386.33	413	70	17.0
1971	23,043	37,945	1,646.71	304	40	13.1
1972	27,621	51,873	1,878.03	664	103	15.5

United Kingdom - Royaume-Uni.

1966	4	9	2,221.50	-	-	-
1967	29	61	2,090.34	5	1	15.0
1968	54	27	494.74	-	-	-
1969	154	28	178.62	3	*	2.5
1970	87	22	247.51	1	*	15.0
1971	62	39	626.65	-	-	-
1972	11	13	1,181.82	-	-	-

Table 13 (Concl'd)
Tableau 13 (Fin)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valueur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	Number	\$'000	\$/no.	\$'000	\$'000	
		milliers		milliers	milliers	
	Nombre	de \$	\$/unité	de \$	de \$	
<u>Denmark - Danemark</u>						
1966	104	13	121.73	-	-	-
1967	270	33	121.31	2	*	9.9
1968	359	57	159.37	-	-	-
1969	269	53	197.45	*	*	9.6
1970	249	48	191.43	-	-	-
1971	560	134	239.79	1	*	9.9
1972	390	136	348.72	-	-	-
<u>Germany West - Allemagne de l'Ouest</u>						
1966	482	61	126.02	4	*	10.0
1967	531	68	128.62	*	*	6.9
1968	544	81	148.48	-	-	-
1969	2,462	254	103.16	*	*	14.8
1970	816	103	126.81	*	*	17.3
1971	91	122	1,336.73	2	*	15.9
1972	3,503	525	149.87	-	-	-
<u>The Netherlands - Pays-Bas</u>						
1966	774	72	92.49	-	-	-
1967	..	4	..	-	-	-
1968	123	44	358.82	-	-	-
1969	..	..	..	-	-	-
1970	15	10	686.13	-	-	-
1971	304	287	943.24	1	*	15.0
1972	80	95	1,187.50	-	-	-
<u>Japan - Japon</u>						
1966	-	-	-	-	-	-
1967	211	103	488.41	14	1	10.0
1968	1,158	425	367.21	-	-	-
1969	2,790	1,176	421.59	-	-	-
1970	3,010	1,204	399.94	*	*	17.1
1971	2,247	928	412.91	3	*	10.0
1972	2,946	1,835	622.88	7	1	14.3
<u>United States of America - Etats-Unis d'Amérique</u>						
1966	12,876	16,692	1,296.39	189	35	18.7
1967	15,994	27,698	1,731.76	538	74	13.7
1968	17,844	23,121	1,295.72	673	107	15.9
1969	16,948	23,715	1,399.30	315	48	15.4
1970	18,507	29,960	1,618.86	412	70	17.0
1971	19,620	36,434	1,856.99	297	39	13.1
1972	20,084	49,123	2,445.88	653	102	15.6

(a) Prior to 1966 included in c.c. 919-49, "Microfilm, blueprint and whiteprint processing equipment and parts".

a) Antérieurement à 1966 compris dans la c.m. 919-49 "Appareils pour le traitement des microfilms, des bleus et des photocalques, et leurs pièces"

Table 14
Tableau 14

Imports: Microfilm equipment and parts, c.c. 919-48 (a)
 Importations: Appareils et pièces pour microfilm, c.m. 919-48^{a)}

Tariff Items:) and
) 46210-1, 46240-1, 46241-1 69605-1
 Numéros tarifaires) et

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers	milliers	milliers	
	de \$	de \$	de \$	
<u>Total - Total</u>				
1970	2,859	1,392	217	15.6
1971	4,033	2,090	314	15.0
1972	5,326	2,967	447	15.1
<u>Total British Preferential - Total, préférence britannique</u>				
1970	30	6	*	5.1
1971	351	4	1	15.0
1972	257	17	1	5.9
<u>Total Most Favoured Nation - Total, nation la plus favorisée</u>				
1970	2,826	1,386	217	15.7
1971	3,676	2,082	312	15.0
1972	5,068	2,949	445	15.1
<u>Total General - Total, général</u>				
1970	3	-	-	-
1971	5	4	1	15.0
1972	1	1	*	-
<u>United Kingdom - Royaume-Uni</u>				
1970	30	6	*	5.1
1971	351	4	1	15.0
1972	257	17	1	5.9
<u>United States of America - Etats-Unis d'Amérique</u>				
1970	2,822	1,383	217	15.7
1971	3,662	2,077	312	15.0
1972	4,979	2,879	435	15.1
<u>Others-Autres</u>				
1970	7	3	*	15.0
1971	19	10	2	15.6
1972	90	71	10	14.1

(a) Prior to 1970, included in c.c. 919-49 "Microfilm, blueprint, processing equipment and parts"

a) Antérieurement à 1970, compris dans la c.m. 919-49 "Appareils pour le traitement des microfilms et bleus, et leurs pièces"

Table 115

Tableau 115

Imports: Microfilm, photocopy, blueprint and whiteprint processing equipment and parts, c.c. 919-49

Importations: Appareils pour le traitement des microfilms, des bleus et des photocalques et leurs pièces, c.m. 919-49

Tariff Items:) and
) 46240-1 69605-1
 Numéros tarifaires) et

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers	milliers	milliers	
	de \$	de \$	de \$	
<u>Total - Total</u>				
1964 ^(a)	13,660	154	23	15.2
1965 ^(a)	15,914	312	51	16.5
1966	2,211	125	18	14.7
1967	1,887	254	38	15.0
1968	1,377	84	13	15.3
1969	2,634	562	85	15.1
1970 ^(b)	687	22	3	14.5
1971 ^(b)	742	14	2	16.6
1972 ^(b)	857	7	1	14.3
<u>Total British Preferential - Total, préférence britannique</u>				
1964 ^(a)	44	1	*	5.4
1965 ^(a)	35	1	*	2.4
1966	44	-	-	-
1967	38	-	-	-
1968	9	-	-	-
1969	38	*	*	9.6
1970 ^(b)	3	-	-	-
1971 ^(b)	3	-	-	-
1972 ^(b)	11	-	-	-
<u>Total Most Favoured Nation - Total, nation la plus favorisée</u>				
1964 ^(a)	13,616	153	23	15.3
1965 ^(a)	15,879	311	51	16.5
1966	2,167	125	18	14.7
1967	1,849	254	38	15.0
1968	1,369	84	13	15.3
1969	2,596	562	85	15.1
1970 ^(b)	684	22	3	14.5
1971 ^(b)	739	14	2	16.6
1972 ^(b)	846	7	1	14.3

Table 15 (Cont'd)
Tableau 15 (Suite)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000 milliers de \$	\$'000 milliers de \$	\$'000 milliers de \$	
<u>United Kingdom - Royaume-Uni</u>				
1964 ^(a)	44	1	*	5.4
1965 ^(a)	35	1	*	2.4
1966	44	-	-	-
1967	34	-	-	-
1968	9	-	-	-
1969	38	*	*	9.6
1970 ^(b)	3	-	-	-
1971 ^(b)	3	-	-	-
1972 ^(b)	11	-	-	-
<u>Denmark - Danemark</u>				
1964 ^(a)	28	-	-	-
1965 ^(a)	19	-	-	-
1966-67	-	-	-	-
1968	5	-	-	-
1969	4	1	*	10.0
1970 ^(b)	2	-	-	-
1971-2	-	-	-	-
<u>Germany West - Allemagne de l'Ouest</u>				
1964 ^(a)	126	10	1	11.9
1965 ^(a)	102	5	*	7.5
1966	12	1	*	15.0
1967	23	-	-	-
1968	7	-	-	-
1969	5	1	*	14.9
1970 ^(b)	7	-	-	-
1971 ^(b)	10	10	2	17.4
1972 ^(b)	2	1	*	-

Table 15 (Cont'd)
Tableau 15 (Suite)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000 milliers de \$	\$'000 milliers de \$	\$'000 milliers de \$	
<u>The Netherlands - Pays-Bas</u>				
1964 ^(a)	57	1	*	14.8
1965 ^(a)	43	-	-	-
1966	21	-	-	-
1967	46	*	*	7.5
1968	7	*	*	7.4
1969	19	-	-	-
1970 ^(b)	5	*	*	7.1
1971 ^(b)	54	-	-	-
1972 ^(b)	66	-	-	-
<u>Japan - Japon</u>				
1964 ^(a)	1	-	-	-
1965 ^(a)	4	3	1	15.9
1966	1	1	*	22.4
1967	*	*	*	15.0
1968	1	-	-	-
1969	2	*	*	14.9
1970 ^(b)	-	-	-	-
1971 ^(b)	1	1	*	19.9
1972 ^(b)	-	-	-	-
<u>United States of America - Etats-Unis d'Amérique</u>				
1964 ^(a)	13,364	142	22	15.5
1965 ^(a)	15,699	303	51	16.7
1966	2,133	124	18	14.6
1967	1,773	253	38	15.0
1968	1,348	84	13	15.3
1969	2,566	560	85	15.1
1970 ^(b)	670	22	3	14.6
1971 ^(b)	673	3	*	12.6
1972 ^(b)	778	6	1	16.7

Table 15 (Concl'd)
Tableau 15 (Fin)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers	milliers	milliers	
	de \$	de \$	de \$	
<u>Others - Autres</u>				
1964 ^(a)	40	-	-	-
1965 ^(a)	12	-	-	-
1966	-	-	-	-
1967	10	-	-	-
1968	-	-	-	-
1969	-	-	-	-
1970 ^(b)	-	-	-	-
1971 ^(b)	-	-	-	-
1972 ^(b)	-	-	-	-

(a) Includes photocopy and similar machines; effective January 1, 1966, "Photocopy and similar machines, office type, and parts" classified in c.c. 919-47.

(b) Effective January 1, 1970, excludes "Microfilm equipment and parts" in c.c. 919-48

a) A l'inclusion des appareils de photocopies et appareils similaires; de même que des "appareils de photocopies et appareils similaires de bureau et pièces", à compter du 1^{er} janvier 1966, inclus dans la c.m. 919-47

b) A l'exclusion, à compter du 1^{er} janvier 1970, des "appareils et pièces pour microfilms" inclus dans la c.m. 919-48

Table 16

Tableau 16

Imports: Photographic equipment and supplies n.e.s., c.c. 919-99
 Importations: Matériel et fournitures photographiques. n.d.a.,
 c.m. 919-99

Tariff Items)
) 19900-1, 46200-1, 62300-1 and 93907-1
 Numéros tarifaires) 44603-1, 46240-1, et

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers	milliers	milliers	
	de \$	de \$	de \$	
<u>Total - Total</u>				
1964	2,414	1,591	287	18.0
1965	2,886	1,962	363	18.5
1966	2,596	2,235	415	18.5
1967	4,531	3,870	715	18.5
1968	4,879	3,976	716	18.0
1969	3,518	3,107	524	16.9
1970	3,410	2,882	472	16.4
1971	3,179	2,697	451	16.7
1972	4,169	3,778	622	16.5
<u>Total British Preferential - Total, préférence britannique</u>				
1964	78	67	4	6.6
1965	85	63	3	5.2
1966	87	69	5	7.1
1967	268	131	12	9.1
1968	161	144	13	9.2
1969	126	118	10	8.2
1970	113	98	8	7.9
1971	84	74	9	11.6
1972	113	95	7	7.4
<u>Total Most Favoured Nation - Total, nation la plus favorisée</u>				
1964	2,336	1,524	283	18.6
1965	2,800	1,900	360	18.9
1966	2,509	2,166	410	18.9
1967	4,262	3,738	703	18.8
1968	4,717	3,831	703	18.3
1969	3,392	2,989	514	17.2
1970	3,297	2,784	464	16.7
1971	3,095	2,623	442	16.9
1972	4,057	3,683	613	16.6

Table 16 (Concl'd)
Tableau 16 (Fin)

<u>Year</u>	<u>Total imports</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	\$'000	\$'000	\$'000	
	milliers	milliers	milliers	
	de \$	de \$	de \$	
<u>United Kingdom - Royaume-Uni</u>				
1964	55	44	4	8.3
1965	42	20	1	7.0
1966	78	62	4	7.1
1967	257	120	10	8.6
1968	140	123	11	9.1
1969	123	115	9	8.0
1970	110	96	7	7.8
1971	75	66	8	11.8
1972	106	88	7	8.0
<u>Germany West - Allemagne de l'Ouest</u>				
1964	149	73	13	18.0
1965	197	79	13	17.0
1966	159	151	24	15.9
1967	320	289	46	15.9
1968	279	242	39	16.2
1969	153	143	23	15.9
1970	58	36	6	16.7
1971	78	41	7	16.8
1972	48	43	7	16.3
<u>Japan - Japon</u>				
1964	221	155	29	18.6
1965	283	217	42	19.3
1966	354	315	65	20.6
1967	655	601	126	21.0
1968	840	823	169	20.5
1969	946	942	173	18.4
1970	1,118	1,114	192	17.2
1971	1,146	1,142	196	17.2
1972	1,379	1,376	236	17.2
<u>United States of America - Etats-Unis d'Amérique</u>				
1964	1,924	1,260	234	18.6
1965	2,260	1,548	293	18.9
1966	1,917	1,636	309	18.9
1967	3,157	2,741	511	18.6
1968	3,499	2,683	480	17.9
1969	2,169	1,784	298	16.7
1970	1,919	1,452	237	16.3
1971	1,676	1,263	210	16.6
1972	2,066	1,715	280	16.3

Table 17

Tableau 17

Exports and Re-Exports: Cameras, parts and accessories, except
lenses, c.c. 910-19

Exportations et réexportations: Appareils photographiques, pièces
et accessoires, sauf lentilles,
c.m. 910-19

Year <u>Année</u>	Exports <u>Exportations</u> dollars - dollars	Re-Exports <u>Réexportations</u>
----------------------	---	-------------------------------------

Total - Total

1964	296,495	338,515
1965	318,664	812,057
1966	159,051	472,735
1967	180,660	343,353
1968	465,404	390,872
1969	598,113	426,837
1970	296,992	918,071
1971	146,155	648,843
1972	312,000	..

United States of America - Etats-Unis d'Amérique

1964	56,413	292,087
1965	143,704	694,568
1966	45,939	365,544
1967	142,719	175,285
1968	199,656	282,782
1969	148,361	220,481
1970	147,679	629,048
1971	86,844	501,999
1972	262,000	..

Others - Autres

1964	240,082	46,428
1965	174,960	117,489
1966	113,112	107,191
1967	37,941	168,068
1968	265,748	108,090
1969	449,752	206,356
1970	149,313	289,023
1971	59,311	146,844
1972	50,000	..

Table 18

Tableau 18

Exports and Re-Exports: Cameras and projection lenses, including
mounts, c.c. 910-39

Exportations et réexportations: Lentilles d'appareils photographiques
et de projecteurs, y compris montures,
c.m. 910-39

Year <u>Année</u>	Exports <u>Exportations</u> dollars - dollars	Re-Exports <u>Réexportations</u>
	Total - Total	
1964	611,139	60,979
1965	817,459	63,418
1966	1,033,156	81,125
1967	600,630	55,151
1968	847,760	44,934
1969	883,457	66,025
1970	1,186,271	163,309
1971	1,381,400	103,601
1972	1,822,000	..
	<u>United Kingdom - Royaume-Uni</u>	
1964	69,411	390
1965	72,439	3,751
1966	146,900	4,474
1967	107,234	6,273
1968	145,049	614
1969	138,846	4,650
1970	88,146	14,577
1971	53,951	38,787
1972	140,000	..
	<u>Germany West - Allemagne de l'Ouest</u>	
1964	136,897	329
1965	171,584	6,408
1966	203,408	2,567
1967	62,968	2,691
1968	88,034	1,434
1969	114,301	3,509
1970	238,192	5,410
1971	300,405	6,547
1972	559,000	..
	<u>United States of America - Etats-Unis d'Amérique</u>	
1964	252,719	51,449
1965	402,126	33,773
1966	475,308	63,465
1967	287,764	43,418
1968	485,103	39,087
1969	438,805	54,396
1970	489,970	122,023
1971	630,793	45,374
1972	573,000	..

Exports and Re-Exports: Photographic equipment and supplies, n.e.s.,
c.c. 910-99

Exportations et réexportations: Matériel et fournitures photographiques
n.d.a., c.m. 910-99

<u>Year</u> <u>Année</u>	<u>Exports</u> <u>Exportations</u> dollars - dollars	<u>Re-Exports</u> <u>Réexportations</u>
	Total - Total	
1964	1,100,071	722,388
1965	1,789,847	867,311
1966	1,501,129	1,277,230
1967	2,264,453	2,280,054
1968	3,834,104	4,146,525
1969	5,669,301	4,040,110
1970	4,754,046	4,028,284
1971	5,993,332	4,447,899
1972	7,419,000	..
	<u>United Kingdom - Royaume-Uni</u>	
1964	162,158	29,163
1965	197,817	3,902
1966	175,616	23,454
1967	381,811	5,030
1968	572,614	51,258
1969	1,424,243	98,763
1970	1,476,807	45,748
1971	2,275,555	37,347
1972	3,232,000	..
	<u>Australia - Australie</u>	
1964	159,315	119
1965	83,024	180
1966	104,028	-
1967	162,267	-
1968	179,672	-
1969	456,767	200
1970	467,213	-
1971	833,035	141
1972	642,000	..
	<u>United States of America - Etats-Unis d'Amérique</u>	
1964	155,105	592,713
1965	1,055,899	815,639
1966	398,422	1,183,759
1967	480,987	2,060,107
1968	1,842,880	3,946,873
1969	1,677,495	3,805,251
1970	1,461,845	3,850,689
1971	1,470,158	2,765,255
1972	1,837,000	..

Shipments of Photographic Lamps (Bulbs), 1962 - 1971
Expéditions de lampes photographiques (ampoules), 1962 - 1971

Year Année	Photoflash Photo-éclair						Photographic lamp bulbs Ampoules de lampe photographique						Total Photographic Lamps (Bulbs) Total, Lampes photographiques (ampoules)					
	Miniature			Other Autres			Projection			Other Autres			Number Nombre			Value Valeur		
	Number Nombre	Value Valeur		Number Nombre	Value Valeur		Number Nombre	Value Valeur		Number Nombre	Value Valeur		Number Nombre	Value Valeur		Number Nombre	Value Valeur	
	'000 milliers	\$ milliers	\$	'000 milliers	\$ milliers	\$	'000 milliers	\$ milliers	\$	'000 milliers	\$ milliers	\$	'000 milliers	\$ milliers	\$	'000 milliers	\$ milliers	\$
	Unités			Unités			Unités			Unités			Unités			Unités		
1962	43,496	2,683		10,351	537		188	450		217	184		54,252			3,854		
1963	51,298	2,861		18,067	1,371		162	442		138	120		69,665			4,794		
1964	60,656	4,320		14,593	1,132		121	589		157	129		75,527			6,170		
1965	69,465	5,132		14,131	1,141		408	1,017		233	221		84,237			7,511		
1966	92,703	7,188		10,505	857		294	784		149	100		103,651			8,929		
1967	116,437	9,404		7,697	746		342	959		112	95		124,588			11,204		
1968	118,388	9,260		7,027	649		362	1,022		142	248		125,929			11,179		
1969	127,002	9,797		6,264	504		564	1,850		171	459		134,001			12,610		
1970	93,162	8,009		21,491	1,621		481	1,861		192	431		115,326			11,922		
1971	114,520	7,207		20,303	1,364		559	1,917		204	515		135,586			11,003		

Source: Statistics Canada cat. no. 43-210
Source: Statistique Canada, n° de cat. 43-210

Summary Statistics of Motion Picture Production (Private Industry), 1952 - 1970
 Statistique récapitulative de la production cinématographique (entreprise privée), 1952 - 1970

Table: 21
 Tableau 21

Year <u>Année</u>	Number of firms Nombre d'entreprises	Number of employees (b) Nombre d'employés	Salaries and Wages (b) Traitements et salaires	Gross Revenue - Recettes brutes			Total revenue
				Production	Printing and laboratory	Other revenue	
				Production	Impression et laboratoire	Autres recettes	Revenu total
				thousand dollars - milliers de dollar			
1952	30	386	1,007	1,331	1,274	..	2,606
1953	32	387	1,051	1,593	1,230	..	2,823
1954	45	478	1,549	2,106	1,456	1,328	4,891
1955 (a)	46	445	1,460	2,456	1,052	513	4,020
1956	59	1,127	2,484	3,727	2,096	424	6,246
1957	58	1,216	2,759	4,472	2,979	469	7,920
1958	52	1,133	2,770	3,903	3,345	422	7,670
1959	54	1,065	3,610	5,815	3,229	389	9,433
1960	66	1,194	3,475	7,039	2,591	343	9,972
1961	67	784 (c)	3,562	6,354	3,581	753	10,687
1962	76	903	3,729	7,312	3,946	850	12,109
1963	69	949	3,812	7,768	3,939	408	12,115
1964	71	953	4,356	7,905	4,351	439	12,694
1965	74	891	4,687	8,640	4,543	1,074	14,257
1966	82	944	4,853	11,458	5,111	1,375	17,944
1967	93	1,161	6,669	14,475	7,546	713	22,735
1968	95	1,186	7,416	16,060	9,917	925	26,902
1969	89	1,127	7,680	15,248	10,190	1,427	26,865
1970	112	1,345	8,697	20,748	12,161	1,752	34,062
1972 (d)	150	1,156	9,213	22,877	12,582	944	36,402

(a) From 1956 includes laboratories with no motion picture production

a) A compter de 1956 comprend les laboratoires qui ne produisent pas de film

(b) Prior to 1962 includes freelancers

b) Antérieurement à 1962 comprend les pigistes

(c) Not comparable with other years

c) Non comparable aux autres années

(d) 1971 figures not available

d) Chiffres pour 1971 non disponibles

Source: Statistic Canada cat. no. 63-206

Source: Statistique Canada, n° de cat. 63-206

Motion Picture Films Produced in Canada, by kind, 1952 - 70

Production cinématographique au Canada, selon le genre, 1952-1970

Year	For television pour la télévision				For theatres pour le cinéma				News- reels, etc. (2) Bandes d'actua- lité, etc.	Film- strip (slide films) Films fixes	Other films(3)	Total product- ion
	Enter- tainment	Commer- cials	Other(1)	Total	Feature films	Shorts	Commer- cials	Total				
Année	Divertis- sement	Publicité		Total	Métrages		Publicité commer- ciale	Total	2) diapo- sitives)	Autres films(3)	Produc- tion globale	
		commer- ciale	Autres(1)		longs	courts						
1952	-	111	..	111	3	73	..	76	1,609	157	308	2,261
1953	-	196	249	445	2	55	..	57	1,519	111	481	2,613
1954	335	691	903	1,929	2	50	..	52	1,898	316	363	4,558
1955	338	1,334	385	2,057	1	47	..	48	1,826	293	352	4,576
1956	378	2,153	560	3,091	1	39	..	40	1,108	119	752	5,110
1957	499	1,844	105	2,448	2	60	..	62	951	44	722	4,227
1958	267	2,040	119	2,426	2	92	17	111	1,145	27	1,071	4,780
1959	365	2,164	123	2,652	-	86	34	120	1,396	54	1,122	5,344
1960	346	2,203	105	2,654	3	420	36	459	1,011	355	1,114	5,593
1961	430	2,086	417	2,933	-	164	2	166	737	78	1,070	4,984

Table 22 (Concl'd)
Tableau 22 (Fin)

Motion Picture Films Produced in Canada, by kind, 1952 - 70
Production cinématographique au Canada, selon le genre, 1952-1970

Year	For television pour la télévision				For theatres pour le cinéma				News- reels, etc. (2) Bandes d'actua- lité, etc. 2	Film- strip (slide films) Films fixes (diapo- sitives)	Other films (3) Autres films 3)	Total product- ion Produc- tion globale
	Enter- tainment	Commer- cials Publicité	Other (1) Autres ¹⁾	Total	Feature films	Shorts	Commer- cials Publicité	Total				
Année	Divertis- sement	commer- ciale		Total number of films - nombre de films	Métrages longs courts		commer- ciale	Total				
1962	437	2,695	377	3,509	2	71	4	77	2,975	140	774	7,475
1963	380	3,164	523	4,067	1	39	13	53	2,770	191	751	7,832
1964	272	2,826	203	3,301	6	56	252	314	3,107	96	601	7,419
1965	187	3,787	387	4,361	4	44	9	57	2,420	110	702	7,650
1966	106	3,167	547	3,820	6	44	8	58	3,861	20	650	8,409
1967	988	3,084	614	4,686	7	40	10	57	2,416	660	1,176	8,995
1968	648	2,791	598	4,037	7	28	16	51	2,366	117	1,254	7,825
1969	404	3,289	244	3,937	19	51	16	86	561	121	724	5,429
1970	377	2,822	207	3,406	25	60	16	101	602	155	629	4,893

- (1) Information, documentary and instructional
(2) Trailers, newsclips
(3) Non-theatrical, non-commercial advertising, film titles, and other films

- 1) Documentaire, éducative et instructive
2) Films-annonces, reportages
3) Publicité non-théâtrale et non-commerciale, titres de films et autres films

Source: Statistics Canada, cat. no. 63-206

Source: Statistique Canada, n° de cat. 63-206

Year <u>Année</u>	16 mm. Film			35 mm. Film			Total			Grand Total
	Black & White	Colour	Total	Black & White	Colour	Total	Black & White	Colour	Total	
	Film de 16 mm.			Film de 35 mm.			Total			
	Noir et blanc	Couleur	Total	Noir et blanc	Couleur	Total	Noir et blanc	Couleur	Total	
Thousand feet - Milliers de pieds										
1954	14,848	4,592	19,440	24,790	118	24,908	39,638	4,710	44,348	
1955	16,040	4,229	20,270	16,387	143	16,530	32,428	4,372	36,800	
1956	37,368	5,234	42,602	24,223	498	24,722	61,591	5,733	67,324	
1957	43,434	5,566	48,999	27,233	78	27,310	70,666	5,643	75,310	
1958	47,671	5,598	53,269	24,428	20	24,447	72,098	5,618	77,716	
1959	47,978	7,802	55,781	21,200	-	21,200	69,178	7,802	76,981	
1960	44,298	8,766	53,064	19,156	11	19,166	63,454	8,777	72,230	
1961	64,352	8,205	72,557	22,640	117	22,757	86,992	8,322	95,314	
1962	57,703	8,917	66,620	20,607	732	21,339	78,310	9,650	87,959	
1963	73,059	9,642	82,702	16,548	1,143	17,691	89,607	10,786	100,392	
1964	65,620	12,533	78,153	18,408	1,594	20,002	84,028	14,126	98,154	
1965	67,876	16,191	84,067	18,339	3,095	21,434	86,215	19,286	105,501	
1966	62,006	26,313	88,318	11,592	5,088	16,680	73,597	31,401	104,998	
1967	58,720	36,620	95,340	7,862	6,703	14,566	66,582	43,324	109,906	
1968	58,634	42,741	101,375	6,184	6,702	12,887	64,818	49,443	114,262	
1969	49,321	47,390	96,710	4,007	9,703	13,710	57,333(a)	58,294(a)	115,627	
1970	32,014	60,005	92,018	3,269	14,473	17,742	36,440(b)	76,866(b)	113,306	

- (a) 8mm. film included: 4,005,000 ft. black & white, 1,202,000 ft. colour, 5,207,000 ft. total
 (b) 8mm. film included: 1,157,000 ft. black & white, 2,388,000 ft. colour, 3,545,000 ft. total
 a) Le film de 8 mm. comprend 4,005,000 pieds en noir et blanc et 1,202,000 pieds en couleur, formant un total de 5,207,000 pieds
 b) Le film de 8 mm. comprend 1,157,000 pieds en noir et blanc et 2,388,000 pieds en couleur, formant un total de 3,545,000 pieds

Source: Statistics Canada cat. no. 63-206

Source: Statistique Canada, n° de cat. 63-206

APPENDIX IV

TARIFF HISTORY

TARIFF HISTORYTariff Item 46200-1 (formerly 462)1936, May 2

462 Philosophical, photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; complete parts of all the foregoing

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
15 p.c.	25 p.c.	30 p.c.

Under the Canada-France Trade Agreement (June 10, 1933):

"Intermediate (M.F.N.) rate less 10 p.c."

1937, Feb. 26

7½ p.c.	25 p.c.	30 p.c.
---------	---------	---------

1939, Jan. 1

Under the United States Trade Agreement:

462(i) Philosophical, photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; complete parts of all the foregoing

17½ p.c.

"To maintain the margin of preference provided under Articles VII and VIII of the United Kingdom Trade Agreement, the rate of 2½ p.c. applies to all the articles specified (other than cameras and complete parts thereof, n.o.p., on which the rate of 5 p.c. applies), in view of the rates granted to the United States by the Canada-United States Trade Agreement, effective Jan. 1, 1939, so long as the articles are of a class or kind not made in Canada."

1948, Jan. 1, GATT

462(i) Philosophical, photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; complete parts of all the foregoing

2½ p.c.	15 p.c.
---------	---------

1957, Mar. 15 - Became item 462

1965, Aug. 23 - Renumbered 46200-1

1969, June 4

46200-1 Instruments for observation, measurement, experimentation or demonstration in respect of natural phenomena, n.o.p.; photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; parts of all the foregoing

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
2½ p.c.	15 p.c.	30 p.c.

This item was referred to the Board only in so far as it relates to photographic equipment.

Tariff Item 46200-2

1969, Sept. 11, GATT

46200-2 Electronic flash apparatus designed to be hand held or mounted on hand cameras, including self-contained, battery operated power supplies for use therewith, and parts of the foregoing

10 p.c.

These goods were previously classified under tariff item 46200-1.

Tariff Item 46205-1 (formerly 462a)

1936, May 2

462 Philosophical, photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; complete parts of all the foregoing

15 p.c. 25 p.c. 30 p.c.

1937, Feb. 26

7½ p.c. 25 p.c. 30 p.c.

1939, Jan. 1

Under the United States Trade Agreement:

462(ii) Cameras and complete parts, thereof, n.o.p.

20 p.c.

These goods were previously classified under tariff item 462.

1948, Jan. 1, GATT

462(ii) Cameras and complete parts thereof, n.o.p.:-

(b) n.o.p.

B.P. M.F.N. General

7½ p.c. 20 p.c.

1957, March 15462a Cameras, n.o.p., of a class or kind made in Canada;
complete parts thereof

7½ p.c. 20 p.c. 30 p.c.

1965, Aug. 23 - Renumbered 46205-11968, Jan. 1

7½ p.c. 19 p.c. 30 p.c.

1969, Jan. 1

7½ p.c. 18 p.c. 30 p.c.

1969, June 4

7½ p.c. 15 p.c. 30 p.c.

From February 20, 1973 to June 30, 1974, M.F.N. rate reduced
temporarily to 10 p.c.Tariff Item 46210-1 (formerly 462b)1936, May 2462 Philosophical, photographic, mathematical and optical
instruments, n.o.p.; speedometers, cyclometers and
pedometers, n.o.p.; complete parts of all the
foregoing

15 p.c. 25 p.c. 30 p.c.

1937, Feb. 26

7½ p.c. 25 p.c. 30 p.c.

1939, Jan. 1

Under the United States Trade Agreement:

462(ii) Cameras and complete parts, thereof, n.o.p.

20 p.c.

"To maintain the margin of preference provided under Articles VII and VIII of the United Kingdom Trade Agreement, the rate of 2½ p.c. applies to all the articles specified (other than cameras and complete parts thereof, n.o.p., on which the rate of 5 p.c. applies), in view of the rates granted to the United States by the Canada-United States Trade Agreement, effective Jan. 1, 1939, so long as the articles are of a class or kind not made in Canada."

These goods were previously classified under tariff item 462.

1948, Jan. 1, GATT

462(ii) Cameras and complete parts thereof, n.o.p.:-

(a) of a class or kind not made in Canada

B.P. M.F.N. General

5 p.c. 17½ p.c.

1956, June 30, GATT

Cameras, n.o.p., of a class or kind not
made in Canada; complete parts thereof

15 p.c.

1957, March 15

462b - Cameras, n.o.p., of a class or kind not
made in Canada; complete parts thereof

5 p.c. 15 p.c. 30 p.c.

1965, Aug. 23 - Renumbered 46210-1

From February 20, 1973 to June 30, 1974, M.F.N. rate reduced
temporarily to 10 p.c.

Tariff Item 46215-1 (formerly 462c)

1936, May 2

462a Photographic cameras and equipment for use by
professional photographers and commercial
photo-finishers in their own business, as
follows:

Cameras for professional purposes, for making
negatives $4\frac{3}{4}$ inches by $6\frac{1}{2}$ inches and larger, and
the following accessories for use with such
cameras: lenses, shutters, exposure meters, range
finders, film and plate holders, lens hoods, lens
boards, ground glass carriages, reducing backs,
reversible adapter backs, lantern slide attachments,
film sheaths, combination paper and plate holders,
kits, carrying cases, camera stands, camera tripods,
camera tripod tops, vignettors, diffusion disks,
diffusion disk holders, colour filters, colour filter
holders, polarizing screens, polarizing screen
holders and backgrounds.

Printers, enlargers, heaters, dryers, mounting presses, print washers, automatic film processors, printing frames and tanks for developing, fixing and washing

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	Free

Tariff item 462a is also the precursor of existing items 46235-1 and 46240-1, shown later.

1946, June 28

462a Photographic cameras and equipment, and complete parts of the foregoing, for use by professional photographers and commercial photo-finishers in their own business, as follows:-

Cameras for professional purposes for making negatives $4\frac{3}{4}$ inches by $6\frac{1}{2}$ inches and larger, and the following accessories for use with such cameras: lenses, shutters, exposure meters, range finders, film and plate holders, lens hoods, lens boards, ground glass carriages, reducing backs, reversible adapter backs, lantern slide attachments, film sheaths, combination paper and plate holders, kits, carrying cases, camera stands, camera tripods, camera tripod tops, vignettters, diffusion disks, diffusion disk holders, colour filters, colour filter holders, polarizing screens, polarizing screen holders and backgrounds.

Printers, enlargers, heaters, dryers, mounting presses, print washers, automatic film processors, printing frames and tanks for developing, fixing and washing

Free	Free	Free
------	------	------

1951, June 6, GATT

462a Photographic cameras and equipment, viz.:-

- (1) Cameras and parts thereof for making negatives or positives $3\frac{1}{4}$ inches by $4\frac{1}{4}$ inches or larger, including carrying cases therefor

Free

- (2) Accessories for cameras:- Exposure meters, range finders, lens hoods, lantern slide attachments, camera stands, camera tripods and tripod tops, vignettters, diffusion discs and holders, colour filters and holders, polarizing screens and holders, backgrounds, flash tubes for high-speed flash apparatus, flash guns; parts of the foregoing

Free

- (3) Contact printers, projection printers commonly known as enlargers for negatives or positives 4 inches by 5 inches and larger, temperature controls or heaters for photographic solutions, film and print driers, mounting presses, print washers, negative or sheet-film hangers, ferro-type plates, film and paper processors for strip photo-finishing, print straighteners, photographic timing devices, densitometers, tanks or trays for negative and positive processing; parts of the foregoing

B.P. M.F.N. General

Free

1952, April 9

462a Photographic cameras and equipment, viz.:-

- (1) Cameras and parts thereof for making negatives or positives $3\frac{1}{4}$ inches by $4\frac{1}{4}$ inches or larger, including carrying cases therefor

Free Free 10 p.c.

- (2) Accessories for cameras:- Exposure meters, range finders, lens hoods, lantern slide attachments, camera stands, camera tripods and tripod tops, vignettters, diffusion discs and holders, colour filters and holders, polarizing screens and holders, backgrounds, flash tubes for high-speed flash apparatus, flash guns; parts of the foregoing

Free Free 10 p.c.

- (3) Contact printers, projecting printers commonly known as enlargers for negatives or positives 4 inches by 5 inches or larger, temperature controls or heaters for photographic solutions, film and print driers, mounting presses, print washers, negative or sheet-film hangers, ferro-type plates, film and paper processors for strip photo-finishing, print straighteners, photographic timing devices, densitometers, tanks or trays for negative and positive processing; parts of the foregoing

Free Free 10 p.c.

1957, March 15

462c Cameras and parts thereof for making negatives
or positives three and one-quarter inches by
four and one-quarter inches or larger,
including carrying cases therefor

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	10 p.c.

1965, Aug. 23 - Renumbered 46215-1Tariff Item 46220-1 (formerly 462d)1937, Feb. 26

462b Cinematograph and motion picture cameras,
35 mm., for use by professional motion
picture producers having studios in Canada
equipped for motion picture production

Free	10 p.c.	15 p.c.
------	---------	---------

Under the Canada-France Trade Agreement (1933, June 10):

"Intermediate less 10 p.c."

Prior to February 26, 1937, these goods were classified
under tariff item 462.

1939, Jan. 1 - Canada-United States Trade Agreement

462b Cinematograph and motion picture cameras,
35 mm., for use by professional motion
picture producers having studios in
Canada equipped for motion picture
production; parts of the foregoing

10 p.c.

1939, April 26

Free	10 p.c.	15 p.c.
------	---------	---------

1948, Jan. 1, GATT

9 p.c.

1952, April 9

462b Cinematograph and motion picture cameras
for use by professional motion picture
producers having studios in Canada
equipped for motion picture production;
parts of the foregoing

Free	9 p.c.	15 p.c.
------	--------	---------

1957, March 15 - Renumbered 462d

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
<u>1958, June 18</u>	Free	Free	15 p.c.

1962, July 1 GATT

462d Cinematograph and motion picture cameras
 and camera blimps for use by professional
 motion picture producers having studios
 in Canada equipped for motion picture
 production; parts of the foregoing

Free

Camera blimps were previously classified under tariff
item 462.

1963, June 14

An amendment to the Customs Tariff gave statutory effect to
the GATT change.

1965, Aug. 23 - Renumbered 46220-1

Tariff Item 46225-1 (formerly 462e)

1907, Nov. 20

714 Lenses and shutters, when imported by
 manufacturers of cameras or kodaks, for use
 only in the manufacture of cameras or kodaks

Free Free Free

1956, July 1 - Item cancelled

1954, March 1

715e Shutters and parts thereof imported for use in
 the manufacture of cameras

Free Free 30 p.c.

1955, July 1

462c Shutters and parts thereof, for use in the
 manufacture of cameras

Free Free 30 p.c.

1956, March 21

462c Lenses, shutters, and parts thereof, for
 use in the manufacture of cameras

Free Free 30 p.c.

1957, March 15 - Renumbered 462e

1965, Aug. 23 - Renumbered 46225-1

Tariff Item 46230-1 (formerly 462f)

1930, May 2

657b Special parts, in the rough, when imported
by manufacturers of cameras, for use only
in the manufacture of cameras

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	7½ p.c.	7½ p.c.

1939, Jan. 1 - Canada-United States Trade Agreement

657b Parts, unfinished, when imported by manu-
facturers of cameras, for use in the
manufacture of cameras, in their own
factories

5 p.c.

1939, April 26

Free	5 p.c.	7½ p.c.
------	--------	---------

1956, March 21

462d Parts, unfinished, for use in the manufacture
of cameras

Free	5 p.c.	7½ p.c.
------	--------	---------

1957, March 15 - Renumbered 462f

1965, Aug. 23 - Renumbered 46230-1

1968, Jan. 1

Free	Free	7½ p.c.
------	------	---------

Tariff Item 46235-1 (formerly 462g)

1957, March 15

462g Accessories for cameras, namely:

Backgrounds;
Colour filters and holders;
Diffusion discs and holders;
Exposure meters;
Flash guns;
Flash tubes for high-speed flash apparatus;
Lantern slide attachments;
Lens hoods;
Polarizing screens and holders;

Range finders;
 Stands;
 Tripods and tripod tops;
 Vignettters;
 Parts of all the foregoing

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	10 p.c.

1965, Aug. 23 - Renumbered 46235-1

This item has remained unchanged since it was introduced on March 15, 1957, to replace item 462a(2), the history of which was given in the history of item 46215-1.

Tariff Item 46240-1 (formerly 462h)

1957, March 15

462h Photographic equipment, namely:

Densitometers;
 Ferro-type plates;
 Film or paper processors for photo-finishing;
 Film or print driers;
 Mounting presses;
 Negative or sheet-film hangers;
 Print straighteners;
 Print washers;
 Printers, contact;
 Printers, projection, commonly known as
 enlargers, for negatives or positives
 four inches by five inches and larger;
Printers, power driven, for photo-finishing;
 Tanks or trays for negative and positive
 processing;
 Temperature controls or heaters for
 photographic solution;
 Timing devices;
 Parts of all the foregoing

Free	Free	10 p.c.
------	------	---------

This item has remained unchanged since March 15, 1957, when it was introduced to replace item 462a(3), the history of which was given earlier in the history of tariff item 46215-1; the words underlined above were added at that time.

1965, Aug. 23 - Renumbered 46240-1

Tariff Item 46241-1

Microfilm reader-printers and parts thereof

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	10 p.c.

This item was introduced in its present form on June 2, 1967; the goods were previously classified under tariff item 46200-1.

Tariff Item 46245-1 (formerly 462i)1958, June 18

462i Optical sound equipment;
 Dollies, or other mobile mounting units
 for motion picture cameras;
 Booms, without wiring, for use with
 microphones;
 Motion picture editing equipment, namely:
 film editing machines, film splicers,
 film synchronizers, film viewers, rewinds;
 Parts of the foregoing

All the foregoing when for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production

Free	Free	15 p.c.
------	------	---------

These goods were previously classified as follows:

	<u>Tariff Item</u>
Optical sound equipment	445k
Dollies and microphone booms	439b
Film editing machines	462
Hot film splicers	445k
Cold film splicers, film synchronizers, film viewers, film rewinds	427a

1962, July 1, GATT

462i Optical and magnetic sound equipment;
 Dollies, or other mobile mounting units
 for motion picture cameras;
 Booms, without wiring, for use with
 microphones;
 Motion picture editing equipment, namely:
 film editing machines, film splicers,
 film synchronizers, film viewers, rewinds;
 Parts of the foregoing;

All the foregoing when for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production

B.P. M.F.N. General

Free

Magnetic sound equipment was previously classified under tariff item 445k.

1963, June 14

An amendment to the Customs Tariff gave statutory effect to the GATT change.

1965, Aug. 23 - Renumbered 46245-1

Tariff Item 46255-1 (formerly 462k)

1964, July 1

462k Rangefinders, flash apparatus and exposure meters for use in the manufacture of cameras

Free Free 10 p.c.

Prior to July 1, 1964, these goods were classified under tariff item 462a (see history of item 46205-1) or 462b (see history of item 46210-1).

1965, July 1

462k Rangefinders, flash apparatus, exposure meters, and parts thereof, for use in the manufacture of cameras

Free Free 10 p.c.

This item has remained unchanged since July 1, 1965, when the provision "and parts thereof", was added.

1965, Aug. 23 - Renumbered 46255-1

Tariff Item 46300-1 (formerly 463)

1936, May 2

463 Magic lanterns and slides therefor, n.o.p.

Free 20 p.c. 25 p.c.

1956, June 30, GATTB.P. M.F.N. General

15 p.c.

1957, March 15463 Still picture projectors, and slides
 and film strips therefor, n.o.p.

Free 15 p.c. 25 p.c.

This item has remained unchanged since March 15, 1957.

1965, Aug. 23 - Renumbered 46300-1From February 20, 1973 to June 30, 1974, the M.F.N. rate reduced temporarily to 10 p.c.Tariff Item 46305-1 (formerly 463a)1936, Jan. 1 - Canada-United States Trade Agreement

Ex. 427	15 p.c.	27 $\frac{1}{2}$ p.c.	35 p.c.
Ex. 446a	10 p.c.	27 $\frac{1}{2}$ p.c.	35 p.c.
et al.			

Motion picture projectors, arc lamps for motion picture work, motion picture or theatrical spot lights, light effect machines, motion picture screens, portable motion picture projectors complete with sound equipment; complete parts of all the foregoing, not to include electric light bulbs, tubes or exciter lamps

15 p.c.

1937, Feb. 26

427h Wording unchanged from above Free 15 p.c. 35 p.c.

1939, Jan. 1 - Canada-United States Trade Agreement

427h	Free	15 p.c.	35 p.c.
ex 445f	15 p.c.	33-1/3 p.c.	37 $\frac{1}{2}$ p.c.
ex 445k	15 p.c.	25 p.c.	30 p.c.
ex 446a	10 p.c.	27 $\frac{1}{2}$ p.c.	35 p.c.

Motion picture projectors, arc lamps for motion picture work, motion picture or theatrical spot lights, light effect machines, motion picture screens, portable motion picture projectors with or without sound equipment; electric rectifiers or generators designed for use with motion picture projectors; complete parts of all the foregoing, not to include electric light bulbs, tubes or exciter lamps

15 p.c.

1939, April 26

427h Wording unchanged from that of
January 1, 1939

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	15 p.c.	35 p.c.

1957, March 15 - Renumbered 463a1960, April 1

463a Motion picture projectors, arc lamps for
motion picture work, motion picture or
theatrical spot lights, light effect
machines, portable motion picture projec-
tors with or without sound equipment;
electric rectifiers or generators designed
for use with motion picture projectors;
parts of all the foregoing, not including
electric light bulbs, tubes or exciter
lamps

Free	15 p.c.	35 p.c.
------	---------	---------

The "motion picture screens" deleted from the item were
provided for in a new tariff item, 463c.

1965, Aug. 23 - Renumbered 46305-1

From February 20, 1973 to June 30, 1974, M.F.N. rate reduced
temporarily to 10 p.c.

Tariff Item 46310-1 (formerly 463b)

463b Still picture projectors combined with
sound equipment

10 p.c.	15 p.c.	30 p.c.
---------	---------	---------

This item has remained unchanged since June 18, 1958, when
it was introduced to cover certain goods previously classified under
tariff item 597a(2).

1965, Aug. 25 - Renumbered 46310-1

From February 20, 1973 to June 30, 1974, M.F.N. rate reduced
temporarily to 10 p.c.

Tariff Item 46315-1 (formerly 463c)

463c Motion and still picture screens

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
-------------	---------------	----------------

Free	10 p.c.	35 p.c.
------	---------	---------

This item has remained unchanged since April 1, 1960, when it was introduced to cover certain goods previously classified under tariff item 463a (see history of tariff item 46305-1).

1965, Aug. 25 - Renumbered 46315-1Tariff Item 46320-1 (formerly 463d)463d Lenses, shutters, and parts thereof, for use
 in the manufacture of still and motion
 picture projectors

Free	10 p.c.	35 p.c.
------	---------	---------

1962, July 1, GATT

This item was introduced on June 21, 1961 to cover goods previously classified under item 462 (now 46200-1) and 463a (now 46305-1).

1965, Aug. 25 - Renumbered 46320-1Tariff Item 46325-1 (formerly 463e)1963, Nov. 1463e Parts, not including electric light bulbs,
 tubes, or exciter lamps, for use in the
 manufacture of still and motion picture
 projectors, with or without sound
 equipment

Free	7½ p.c.	30 p.c.
------	---------	---------

Prior to November 1, 1963, the goods covered by this item were classified under items 462 (now 46200-1) and 463a (now 46305-1), or, as appropriate, elsewhere in the Customs Tariff.

1965, Aug. 23 - Renumbered 46325-1

1966, July 1

46325-1	Parts, not including electric light bulbs, <u>motors</u> , tubes, or exciter lamps, for use in the manufacture of still and motion picture projectors with or without sound equipment	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
		Free	7½ p.c.	30 p.c.

1968, July 1

46325-1	Parts, not including <u>electric</u> motors, light bulbs, tubes or exciter lamps, for use in the manufacture of still and motion picture projectors, with or without sound equipment	Free	7½ p.c.	30 p.c.
---------	--	------	---------	---------

<u>1973, May 8</u>	Free	Free	30 p.c.
--------------------	------	------	---------

Tariff Item 46330-11966, July 1

46330-1	Electric motors for use in the manufacture of motion picture projectors with or without sound equipment	Free	7½ p.c.	37½ p.c.
---------	---	------	---------	----------

Classification of electric motors for the manufacture of projectors:

	<u>Still</u>	<u>Motion Picture</u>
Prior to November 1, 1963	445g	445g (now 44516-1)
November 1, 1963 - June 30, 1966	463e	463e (now 46325-1)
July 1, 1966 - June 30, 1967	44516-1	46330-1
July 1, 1967 to date	46330-1	46330-1

1967, July 1

46330-1	Electric motors for use in the manufacture of <u>still</u> and motion picture projectors with or without sound equipment	15 p.c.	15 p.c.	37½ p.c.
---------	--	---------	---------	----------

This item has remained unchanged since July 1, 1967, when the provision for motors for still picture projectors was added.

CA1 FN 55

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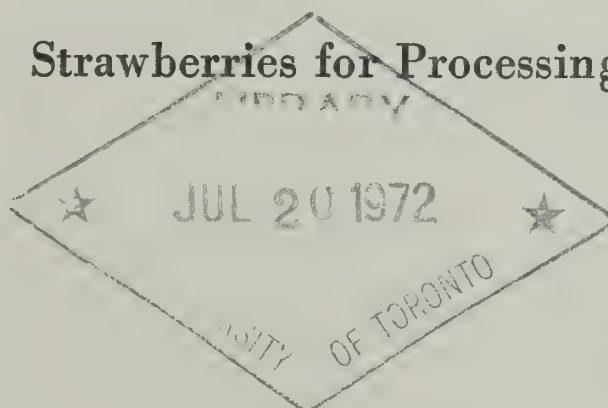


Report by

THE TARIFF BOARD

Relative to the Investigation Ordered
by the Minister of Finance
respecting

Strawberries for Processing



Reference No. 148



Report by

THE TARIFF BOARD

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JAN.—1972

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* Mr. Audette retired from the Tariff Board, April 7, 1972.

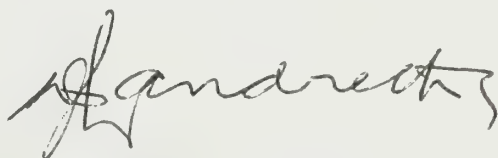
The Honourable
The Minister of Finance
Ottawa

Dear Mr. Minister:

I refer to Mr. Benson's letter of June 7, 1971, in which he directed the Tariff Board to make a study of the economics of the strawberry growing industry in Canada, with particular reference to the growing of strawberries for the processing market, and of the prospects for long-term viability of this industry.

In conformity with Section 4(2) of the Tariff Board Act, I have the honour to transmit the Report of the Board relating to strawberries for processing. A copy of the transcript of the proceedings at the public hearing accompanies the Report.

Yours faithfully,

A handwritten signature in dark ink, appearing to read "Landreth", written in a cursive style.

Acting Chairman

Explanation of Symbols Used

- Denotes zero or none reported
- .. Indicates that figures are not available
- * In statistical tables, indicates a reported figure which disappears on rounding, or is negligible
- (a) A small letter in brackets denotes a footnote to a table
- c.c. Denotes a Statistics Canada import or export commodity class
- (Vol. -, p. -) Denotes volume and page of the transcript of proceedings at the public hearing unless the context clearly indicates another cited reference

The sum of the figures in a table may differ from the total, owing to rounding

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Ottawa, Ontario
KLA OG5
June 7, 1971.

Mr. L.C. Audette, Q.C.,
Chairman,
The Tariff Board,
Ottawa, Ontario.

Dear Mr. Audette:

The Government has received representations to the effect that fresh, frozen and preserved strawberries intended for further processing in Canada are being imported into Canada under such conditions as to threaten serious injury to Canadian strawberry producers. In view of the fact that delay in taking action might have resulted in damage to Canadian strawberry producers which would be difficult to repair, a surtax was imposed, effective May 22, 1971, on imports of strawberries pursuant to the provisions of section 7(1a) of the Customs Tariff.

In imposing the surtax on imports of strawberries, the Government decided that the Tariff Board should be directed to assess the long-term viability of the strawberry growing industry. The Government will wish, in particular, to have in its possession the most complete information which can be obtained regarding production, consumption, marketing, costs, prices, imports and exports of strawberries intended for the processing market.

I therefore direct the Tariff Board to make a study under section 4(2) of the Tariff Board Act of the economics of the strawberry growing industry in Canada, with particular reference to the growing of strawberries for the processing market, and of the prospects for long-term viability of this industry.

I would ask the Board to submit a report on its study as soon as possible.

Yours sincerely,

E. J. Benson,
Minister of Finance.

Companies and Agencies Which Made Representations

A public hearing was held at Ottawa on October 18, 19, 20 and 21, 1971.

Representations were received from the following:

The Canadian Horticultural Council
Government of British Columbia
Ontario Fruit and Vegetable Growers' Association
Government of Quebec and representatives of the producers
of strawberries
Government of New Brunswick
Prince Edward Island Department of Agriculture and Forestry
Nova Scotia Strawberry Growers' Association

Canadian Food Processors Association

* Nabob Foods Limited

* Not represented at the hearing

INTRODUCTION

The Minister's letter to the Tariff Board noted that,

"The Government has received representations to the effect that fresh, frozen and preserved strawberries intended for further processing in Canada are being imported into Canada under such conditions as to threaten serious injury to Canadian strawberry producers. In view of the fact that delay in taking action might have resulted in damage to Canadian strawberry producers which would be difficult to repair, a surtax was imposed, effective May 22, 1971, on imports of strawberries pursuant to the provisions of section 7(1a) of the Customs Tariff."

The letter directed the Board

"to make a study under section 4(2) of the Tariff Board Act of the economics of the strawberry growing industry in Canada, with particular reference to the growing of strawberries for the processing market, and of the prospects for long-term viability of this industry."

The surtax applied to both fresh and frozen strawberries; that part of the order which related to fresh strawberries was revoked effective July 21 and the part which related to frozen strawberries, effective August 18, 1971.

It is important to note that the Minister did not direct the Board to make any recommendations regarding the wording or rates of duty which apply to strawberries or to manufactured strawberry products. However, because the tariff items which apply to strawberries and strawberry products are of interest in relation to some of the text which follows, they are reproduced below.

	<u>Item</u>	<u>B.P.</u>	<u>M.F.N.</u>
9211-1	Strawberries per pound	Free	Free or 1-3/5 cts. or 10 p.c.
	The Free rate shall apply during the months of September, October, November, December, January, February and March.		
	During the remaining months in any 12 month period ending 31st March, the specific duty shall not be maintained in force in excess of 6 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect.		
	Fruits, frozen:		
10704-1	N.o.p. per pound	1½ cts.	2 cts.

	<u>Item</u>	<u>B.P.</u>	<u>M.F.N.</u>
10525-1	Fruits and nuts, pickled or preserved in salt, brine, oil, or any other manner, n.o.p.	17½ p.c.	17½ p.c.
10530-1	Jellies, jams, marmalades, preserves, fruit butters and condensed mince- meats	per pound 1¼ cts.	3 cts.

As the above indicates, item 9211-1 relates to fresh strawberries, item 10704-1 to frozen strawberries, item 10525-1 to strawberries preserved in sulphur dioxide and item 10530-1 to jams, jellies and preserves made from strawberries. It is noteworthy that the value for duty of fresh strawberries imported into Canada has generally exceeded 20 cents a pound in recent years, sometimes by a substantial amount and, therefore, that the 10 p.c., M.F.N. rate under item 9211-1 is ordinarily substantially more than the specific duty of 1.6 cents a pound.

Domestic strawberries may be sold for direct fresh consumption, or to processors for freezing or for the manufacture of jams and other products. It is more expensive to harvest berries for the fresh market because they must be picked more frequently than berries for processing. Also, strawberries intended for sale in the fresh market are packed in relatively expensive containers and may involve the payment of a commission to an agent. Because the costs of harvesting and marketing, the markets served, the prices and the competition of imports are so different for strawberries for the fresh market and for processing, they are dealt with, separately, in most of the sections which follow.

The principal issues discussed during the public hearing were mainly related to imports of frozen strawberries from Mexico and the effect of these imports on prices of Canadian frozen strawberries and on the potential demand for domestic berries for processing. More specifically, the representatives of Canadian growers expressed their concern regarding sudden, sharp declines in their returns resulting from circumstances beyond their control such as large crops in other parts of North America or unusually heavy inventories in the U.S.A. In addition, growers in eastern Canada, particularly those from Ontario, claimed that the availability of large volumes of Mexican frozen strawberries had resulted in the loss to them of an important domestic outlet for low quality berries which were unsuitable for sale in the fresh market and, in years of large crops, for their surplus of high quality strawberries.

A recurring theme in almost all of the producers' representations was the claim that existing rates of duty on fresh and frozen strawberries were too low, particularly in years when large crops or inventories outside of Canada depressed prices to Canadian growers. The producers also claimed that a surtax provided inadequate protection when an unusual situation developed suddenly. Although these discussions were important in indicating the producers' views of the problems which confronted them, recommendations to the Minister regarding the items and their rates of duty are outside the terms of this Reference.

The processors who were represented at the public hearing presented the views of freezers, canners and manufacturers of jams, toppings and similar products. In general, they deemed that existing levels of protection were adequate although they supported the views of the growers regarding the need for some device which, in unusual circumstances, would operate automatically to set a lower limit on the decline of prices of strawberries for processing. A major concern of the processors was that no action should be taken to increase the cost of their principal raw material without some corresponding action being taken to allow them to compete with imported processed products in the Canadian market.

Their representatives denied that the availability of imported frozen strawberries had been an important factor in the greatly reduced use of domestic strawberries for processing in eastern Canada; in their view, the principal factor which led to this reduction was the widespread production of varieties of strawberries which were not suitable for processing. The processors' representatives said that the principal varieties of strawberries grown in eastern Canada were difficult to hull mechanically and had other faults which made these strawberries unacceptable to processors. In eastern Canada, strawberries are usually hulled after picking; in British Columbia, the strawberries are hulled as they are picked.

The issue of whether certain varieties are or are not suitable for processing was the subject of considerable discussion during the hearing, particularly in relation to eastern Canada. The growers claimed that the most popular variety now grown east of Manitoba, the Redcoat, was suitable for processing. The Ontario and Quebec processors denied this, saying that they had incurred financial loss because their cleaning and hulling equipment could not be used with the Redcoat and other similar varieties. Both sides presented published articles and other evidence to support their claims but reached no agreement at the hearing.

The statistics presented in this report are given in terms of weight in order to permit the summation of provincial data. The original data for British Columbia were in terms of pounds but those for all other provinces were originally in terms of quarts and were converted to pounds at the rate of 1.25 pounds per quart. The reader is cautioned that in some tables the quantities shown are in terms of strawberries and involve, for example, the conversion of the weight of the frozen product to an equivalent weight of strawberries, not including the weight of the sugar which is included in the product weight reported; in other tables, the weights shown represent the actual weight of the product, inclusive of the sugar or syrup which might be included.

THE CANADIAN MARKET FOR STRAWBERRIES

Strawberries are consumed in Canada in the fresh form, in the frozen state and also in the form of various strawberry products, principally jams, other spreads, ice-cream and bakery products. Total consumption is shown in the table below, for the 16-year period, 1956-71; imports, shown in the table, are valued at their approximate landed cost, inclusive of duty.

Table 1: Canada, Domestic Disappearance of Strawberries,
Selected Years, 1956-71

<u>Year</u>	<u>Production</u>	<u>Imports</u> ^(a)	<u>Total Supply</u>	<u>Exports</u> ^(b)	<u>Domestic Disappearance</u> ^(d)
	-	thousand	pounds of fruit	-	
1956	24,302	21,728	46,030	217	45,813
1960	33,876	24,511	58,387	276	58,111
1965	22,103	30,322	52,425	486	51,939
1966	41,183	24,471	65,654	1,116	64,538
1967	43,881	24,547	68,428	1,339	67,089
1968	44,062	26,125	70,187	1,556	68,631
1969	35,945	38,683	74,628	2,165	72,463
1970	42,647	30,498	73,145	2,030	71,115
1971	45,401	29,409	74,810	2,000 ^(c)	72,810
		-	thousand dollars	-	
1956	4,275	5,934	10,209	43	10,166
1960	5,734	6,097	11,831	42	11,789
1965	5,392	8,780	14,172	117 ^(c)	14,055
1966	8,809	7,429	16,238	257 ^(c)	15,981
1967	8,780	7,062	15,842	311 ^(c)	15,531
1968	9,778	7,477	17,255	404 ^(c)	16,851
1969	8,167	11,237	19,404	519 ^(c)	18,885
1970	9,668	8,781	18,449	492 ^(c)	17,957
1971	9,669 ^(c)	8,171	17,840	480 ^(c)	17,360

(a) Imports of frozen strawberries converted at .81 lb. berries per pound of product; excludes berries preserved in SO₂; imports valued at approximate landed cost, including duty

(b) Beginning 1964, mainly unloads at major U.S. markets

(c) Partly estimated

(d) Not adjusted for inventory changes

Source: S.C., cat. no. 22-003, 65-007, 65-202

Although there have been pronounced fluctuations in some years, domestic disappearance, recently around 71 million pounds annually, has increased in the 15-year period, 1956 to 1970, at an average rate of a little more than three per cent per annum, slightly more than the rate of population growth. With imports valued at their approximate landed cost, including duty, the value of domestic disappearance is about \$17 to \$19 million annually, and has increased at

a somewhat more rapid pace, reflecting a trend to higher prices for both domestically-grown and imported strawberries. The below-average values of production, imports and disappearance, in 1971, is discussed in later sections of the report.

During the period under review, Canadian production has increased at a more rapid rate than consumption and, although imports of strawberries, both in the fresh and frozen forms, have also increased during this time, the rate of increase for imports has been less than that of either consumption or production. As a result, imported strawberries now supply a somewhat smaller proportion of the Canadian market demand than in the late 1950's, except for exceptional years such as 1965 and 1969 when crop failure reduced Canadian production. A comparison of production, consumption and imports is given below.

Table 2: Average Annual Production, Imports, Exports and Domestic Disappearance of Strawberries, 1956-71

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	Domestic <u>Disappearance</u> (a)	Imports as % of Disapp.
	average per year as '000 pounds of fruit				
1956-60	27,981	24,865	139	52,707	47.2
1961-65	30,031	29,196	333	58,894	49.6
1966-70	41,544	28,865	1,641	68,767	42.0
1970	42,647	30,498	2,030	71,115	42.9
1971	45,401	29,409	2,000(c)	72,810	40.4
	average per year in \$'000				
1956-60	4,752	6,078(b)	27	10,803	56.3
1961-65	5,768	7,573(b)	76	13,266	57.1
1966-70	9,040	8,397(b)	397	17,041	49.3
1970	9,668	8,781(b)	492(c)	17,957	48.9
1971	9,669(c)	8,171(b)	480(c)	17,360	47.1

(a) Not adjusted for inventory changes

(b) Approximate landed cost, including duty

(c) Partly estimated

Source: S.C., cat. no. 22-003, 65-007 and 65-202

The domestic disappearance of approximately 71 million pounds of strawberries now taken annually by the Canadian market consists of about 40 million pounds consumed directly as fresh strawberries and an additional 31 million pounds consumed as processed strawberries. The processing strawberries include fresh strawberries which are made directly into jams and other products, berries which are frozen and are used after thawing, and some which are re-processed after freezing to manufacture products such as strawberry jams and ice-cream.

Some relatively small quantity of Canadian strawberries is preserved in sulphur dioxide (SO₂); these are generally lower quality berries whose main use is in the manufacture of lower-priced lines of strawberry jam and similar products. Because published statistics regarding imports of SO₂ berries are not available, these imports are not included in the market estimates. However, information made available to the Board indicates that imports of strawberries preserved in sulphur dioxide varied from about two to three million pounds, annually, between 1966 and 1970, with a landed value, inclusive of duty, of from \$318,000 to nearly \$560,000; SO₂ berries are a small proportion of the total Canadian output and use. The Canadian demand for strawberries in the fresh, frozen, or otherwise preserved forms is supplied by both domestic and imported strawberries.

As noted, about 40 million pounds of strawberries are consumed annually as fresh berries, with a value of approximately \$10.5 million. The 'fresh market' which they supply is regarded as the premium-price market and, in general, the demand for fresh strawberries is supplied before supplies are made available to processors. About 60 to 65 per cent of the strawberries consumed in the fresh state are supplied by domestic producers, most of the remainder being imported from the U.S.A. The strawberries imported for fresh use are entered into Canada mainly during periods when local supplies of fresh strawberries are not available.

More than one-half of the approximately 31 million pounds of strawberries used for processing are also of domestic origin, about 53 per cent of the total so used in the five-year period, 1966-70. However, because in most areas the demand for fresh use is supplied first, domestic strawberries constituted as little as 25 per cent of the total quantity of fresh and frozen strawberries used for processing, in 1969, and as much as 65 per cent, in 1968. About 80 per cent of the imported strawberries used for processing are entered as frozen strawberries, principally from Mexico. Strawberries processed in Canada are packed and frozen as sliced, sugared strawberries in 15-ounce consumer packages (about 20 per cent of the total); some are also packed in 20-ounce and two-pound consumer packages. A large part is manufactured into jams or is frozen in 425-pound drums and, to a lesser extent, in 30-pound pails, for re-processing into jams and similar products at some later date. The remainder is packed in 10-pound, 20-pound and 30-pound containers for more direct use in restaurants and other institutions, and in the manufacture of ice-cream and other consumer products.

The Canadian consumption of fresh and frozen strawberries has increased from 2.80 pounds per person in the late 1950's to more than 3.30 pounds per person in recent years and, as the following table indicates, has risen fairly steadily in the past fifteen years. In this period there has been a regular increase in the per capita consumption of frozen strawberries. Although more strawberries continue to be consumed in the fresh form, about 40 per cent of the consumption is of frozen strawberries.

Table 3: Consumption of Strawberries per Person, 1951-71

	Domestic Disappearance		Total
	<u>Fresh</u>	<u>Frozen</u>	
	- pounds per person -		
1951-55	1.75	..	..
1956-60	1.75	1.05	2.80
1961-65	1.73	1.28	3.01
1966-70	1.87	1.37	3.23
1966	1.64	1.23	2.87
1967	1.88	1.54	3.42
1968	1.97	1.23	3.20
1969	1.96	1.36	3.31
1970	1.86	1.47	3.33
1971(a)	2.00	1.34	3.34

(a) Partly estimated

Source: Derived from S.C., cat. no. 32-010, 32-212, 65-007 and U.S. cat. no. F.T. 135

Frozen strawberries became widely accepted in the early post-war period and, by the late 1950's, amounted to about one pound per person, 60 per cent of the per capita consumption of fresh strawberries. This change occurred during the 1940's and early 1950's and, apparently, did not affect the per capita disappearance of fresh strawberries. The growth of the Canadian demand for strawberries in the frozen form was associated with post-war developments in freezing technology and packaging, in addition to the general trend in that period towards an increasing use of prepared, packaged foods.

As the preceding indicates, there are two principal markets for the strawberries grown by Canadian producers, the market for strawberries in the fresh form and that for strawberries for processing. In general, the statistics relating to strawberries for processing are the more reliable because a large proportion of such berries are purchased either under contract or under the regulations of provincial marketing boards which require an accounting of purchases.

Data relating to strawberries sold for fresh use tend to be incomplete or difficult to confirm because of the problems of collecting such data from producers who sell berries directly to consumers or those who sell fresh strawberries directly to retail stores and, in by-passing intermediaries, tend to leave no statistical record of such sales. For example, the claim of one spokesman that per capita consumption of fresh strawberries is higher in some Atlantic Provinces than in other parts of Canada may be questionable even though supported by the available statistics. However, though some of these statistics may not be accurate in absolute terms, they provide a useful record of changes over time and of the trends and relationships which they reflect.

The Market for Strawberries for Fresh Use, Regional Aspects

Strawberries for fresh use are sold in all parts of Canada, the quantities being determined by such factors as population, income levels, prices, and consumers' preferences and habits. As noted, there appear to be problems in determining the regional distribution of sales of strawberries in the fresh state; in general, the published statistics appear to overstate the consumption in the Atlantic Provinces and to understate the consumption in British Columbia and, probably, also in the Prairie Provinces.

However, whether the published statistics are accepted or the per capita Canadian consumption of strawberries is applied to the population figures of individual provinces, it is apparent that the provinces of Quebec and Ontario are the principal markets for strawberries in the fresh state. In the following table the regional distribution of the Canadian market for domestic and imported strawberries, for fresh consumption, is given. The figures used are based on the two years, 1968 and 1970, to avoid the distortion which the crop failure in British Columbia, in 1969, would have introduced; although the 1970 crop in the Atlantic Provinces was much below average, the effect of this on the data in the table is much less serious.

Table 4: Regional Distribution of the Market for Strawberries in the Fresh State, Average of 1968 and 1970

Province or Region	Average of 1968 and 1970			Average of 1968 and 1970		
	Dom.	Imp.	Total	Dom.	Imp.	Total
	million lb.			per cent of total		
Atlantic	4.3	0.2	4.5	94.9	5.1	100.0
Quebec	7.7	4.2	11.9	64.8	35.2	100.0
Ontario	10.7	4.3	15.0	71.1	28.9	100.0
Prairies	0.1	4.0	4.1	1.3	98.7	100.0
B.C.	<u>1.4</u>	<u>2.1</u>	<u>3.5</u>	<u>39.4</u>	<u>60.6</u>	<u>100.0</u>
Canada	24.1	14.9	39.0	61.8	38.2	100.0
per cent of Canada						
Atlantic	17.8	1.6	11.6			
Quebec	32.0	28.1	30.5			
Ontario	44.2	29.1	38.4			
Prairies	0.2	27.0	10.5			
B.C.	<u>5.7</u>	<u>14.2</u>	<u>8.9</u>			
Canada	100.0	100.0	100.0			

Source: S.C., cat. no. 22-003, 32-218, 65-007 and bulletin no. 6507-730

It is evident from the table that the provinces of Quebec and Ontario, together, accounted for more than two-thirds of the total Canadian market for strawberries for use in the fresh state and for more than three-quarters of the domestic strawberries sold for fresh use but for only 57 per cent of the strawberries imported for this purpose. In contrast, the Prairie Provinces are almost wholly dependent on imports and the Atlantic Provinces are less dependent than any other region on imports of fresh strawberries. Of the total apparent Canadian market for this use, domestic berries supplied 62 per cent of the demand. As is indicated in another section of the report, most of the imports for fresh use are entered early in the season, before local supplies are available and, again, after the harvesting of local strawberries is completed.

Inter-provincial shipments of fresh strawberries appear to be quite variable from year to year, but there is a regular and substantial movement of strawberries between Ontario and Quebec; although British Columbia might appear to be a natural source of fresh strawberries for Prairie markets, the recorded movement is small. Recorded shipments of fresh strawberries between the Atlantic and Central Provinces are relatively small and the direction of this flow varies from year to year.

A very much larger movement of Canadian fresh strawberries is to several major cities in the U.S.A. Most of these exports originate in Ontario (about three quarters of the total), but Quebec and, to a lesser extent, also the Atlantic Provinces, export fresh strawberries to the U.S.A. Exports to the U.S.A. appear to be increasing and currently amount to some two million pounds per year.

The Market for Strawberries for Processing

Fresh strawberries are used to produce mainly two kinds of processed products, frozen strawberries and pure strawberry jams; less important processed products made from fresh strawberries are canned strawberries, strawberry wine and strawberries preserved in sulphur dioxide. Preserved strawberries, either frozen or in SO₂, are used to produce a large variety of consumer products, including pectin jams, spreads, pie fillings, ice-cream, and pastries; frozen berries may be used without re-processing, in restaurants and other institutions for desserts, after thawing. The principal frozen retail product is the "canco", a 15-ounce consumer package of strawberries which have been sliced, sugared, and frozen; strawberries are also put up for direct retail sale as whole berries, "individually quick frozen" (I.Q.F.) in one-pound and two-pound polyethylene bags. For sale to some institutions such as "dairy bars", restaurants and hospitals, and for use in the manufacture of ice-cream, whole, sugared berries are frozen in 30-pound pails; I.Q.F. strawberries are also frozen in this type of container, with and without sugar, for use by institutions, bakeries and others.

As noted, strawberries which are preserved by freezing may be used at a later date in the form in which they were frozen and large quantities of frozen strawberries are "re-processed" to produce strawberry jam, for example, in addition to the fresh strawberries which are also used for this purpose. The use of frozen strawberries

for re-processing extends the period of time during which the jams and other products can be produced, allows scheduling of production runs to permit the processing of other fruit and vegetable crops, in season, by multi-product processing plants and enables more efficient utilization of plant capacity. Also, by being able to produce jams throughout the year, the risk of deterioration of the end-product, in storage, is lessened. Strawberries frozen in 30-pound pails may be used both for institutional sales or re-processing. However, when the berries are intended to be used only for re-processing, they are packed mainly in 425-pound drums for freezing. More than one-third of the Canadian pack of frozen strawberries is put in containers exceeding 30 pounds in weight, a large part of which would consist of 425-pound drums, in years when the crop in British Columbia, the principal producer of frozen berries, is of average size.

Processed consumer products may be produced from fresh, frozen or SO₂-preserved strawberries. Frozen strawberries are sold directly to consumers, restaurants, ice-cream factories and others as sliced-sugared, whole-sugared or whole-unsugared, strawberries; they would not ordinarily be used for re-freezing, for example, into smaller, consumer packages because of the additional costs of handling and the risk of product deterioration. In usual circumstances, frozen strawberries would be packed and frozen in a form and package appropriate for the market demand which they were intended to supply. Strawberries preserved in sulphur dioxide are used only for re-processing; the SO₂ in which they are preserved bleaches the berries, but although some of the colour returns when the berries are cooked, as in the production of jams, colour must be added when SO₂ strawberries are used.

As noted, about 31 million pounds of strawberries are used currently to produce a large number of products. These strawberries may be used by processors in the fresh, frozen or SO₂-preserved forms; their value at the Canadian processors' plants would be approximately 7.3 million dollars, with a unit value of about 23 cents a pound. Canadian processors' use of strawberries is given in the following table for two recent years, 1968 and 1970. The domestic strawberries shown in the table are given as one figure which applies to fresh, frozen and SO₂ berries; however, between one-quarter and one-third of the total would be frozen for use at a later date in the manufacture of jams, ice-cream and other products. Hardly any Canadian strawberries have been preserved in SO₂ in recent years; the latest available figure is for 1968 when only 67,000 pounds of SO₂ strawberries were put up by Canadian processors, the equivalent of about 54,000 pounds of fresh strawberries.

Table 5: Regional Distribution of Strawberries Used
for Processing, 1968 and 1970

Province or Region	1968				1970			
	Dom.	Imported		Total Proc.(a)	Dom.	Imported		Total Proc.(a)
		Fresh	Frozen			Fresh	Frozen	
as million pounds of strawberries								
Atlantic	1.5	-	*	1.5	1.4	-	0.5	1.9
Quebec	1.3	0.4	4.5	6.1	1.0	0.8	5.3	7.1
Ontario	0.4	0.6	3.4	4.4	0.2	1.2	4.2	5.6
Prairies	-	-	0.1	0.1	-	-	0.2	0.2
B.C.	<u>14.9</u>	<u>0.2</u>	<u>0.5</u>	<u>15.6</u>	<u>14.2</u>	<u>0.5</u>	<u>1.8</u>	<u>16.5</u>
Canada	18.1	1.1	8.5	27.8	16.7	2.5	12.2	31.4
per cent of total								
Atlantic	98.6	-	1.4	100.0	71.7	-	28.3	100.0
Quebec	21.3	6.0	72.7	100.0	14.3	11.0	74.6	100.0
Ontario	9.8	12.6	77.6	100.0	3.6	21.1	75.3	100.0
B.C.	95.2	1.4	3.4	100.0	85.9	2.9	11.1	100.0
Canada	65.2	4.1	30.6	100.0	53.4	7.8	38.8	100.0

(a) Excludes imported SO₂ strawberries

Source: S.C., cat. no. 32-218 and bulletin no. 6507-730

It is evident from the table that, in average years, British Columbia processes more than one-half of all the strawberries consumed in Canada in other than the fresh state and that, over 80 per cent of the domestic production of strawberries for processing is grown in British Columbia; it is also evident that, in such years, British Columbia depends on strawberries grown in the province for an average of about 90 per cent of the total used by its processing industry. The dependence of the Atlantic Provinces on local supplies is also apparent, as is the dependence of central Canadian processors on imported supplies, entered mainly in the frozen state.

It is important to note that a large part of the strawberries grown in British Columbia is marketed in frozen form in Ontario and Quebec and, thus, the demand for much of the production of British Columbia exists in central Canada. To a lesser extent, the same would also be true for the strawberries grown and processed in the Atlantic Provinces. Thus, the growth and even the continued existence of a large market for strawberries for processing in British Columbia may depend on developments in central Canada and on competition in this region from foreign producers. For example, if a variety suitable for freezing and for central Canadian conditions were developed, which could be easily hulled by machine, the market for frozen British Columbia strawberries, in central Canada, might be affected.

The regional distribution of the sources and markets in Canada for strawberries for fresh use and for processing are given in the following table.

Table 6: Regional Sources and Markets for Strawberries,
by Uses, Average of the Years, 1968 and 1970

	Atlantic Provinces	Quebec & Ontario	Prairie Provinces	British Columbia	Canada	% of Total per cent
		as million lb. of fruit				
<u>Fresh Use</u>						
Domestic	4.3	18.4	0.1	1.4	24.1	61.8
Imported	<u>0.2</u>	<u>8.5</u>	<u>4.0</u>	<u>2.1</u>	<u>14.9</u>	<u>38.2</u>
Total	4.5	26.9	4.1	3.5	39.0	100.0
<u>For Processing</u>						
Domestic	1.4	1.5	-	14.5	17.4	56.5
Imported	<u>0.3</u>	<u>11.2</u>	<u>0.2</u>	<u>1.8</u>	<u>13.4</u>	<u>43.5</u>
Total	1.7	12.6	0.2	16.3	30.9	100.0
<u>All Uses</u>						
Domestic	5.7	19.9	0.1	15.9	41.6	59.5
Imported	<u>0.5</u>	<u>19.7</u>	<u>4.2</u>	<u>3.9</u>	<u>28.3</u>	<u>40.5</u>
Total	6.3	39.6	4.3	19.8	69.9	100.0
		per cent of Canada totals				
Fresh Use	11.6	69.0	10.5	8.9	100.0	55.8
For Proces-						
sing	5.6	41.0	0.6	52.9	100.0	<u>44.2</u>
All Uses	9.0	56.6	6.1	28.3	100.0	100.0
Population	7.3	65.6	17.0	10.1	100.0	-

Source: Statistics Canada, various publications

As noted earlier, the regional distribution of the market for strawberries for fresh use is more or less according to the distribution of population; the statistical departures from the population distribution do not appear to be associated with economic factors. On the other hand, the regional distribution of the market for strawberries for processing bears no relation to population. British Columbia with only 10 per cent of Canada's population produces 80 per cent of the domestic strawberries used for processing, mainly as frozen strawberries. The regional distribution of Canadian production of processed strawberry products is discussed in another section of the report.

CANADIAN PRODUCTION

Canadian strawberry production rose markedly during the last half of the 1960's, mainly as a result of increased output in British Columbia and Ontario, but with lesser increases also occurring in Quebec and the Atlantic Provinces. However, although the national data indicate no well-defined trend during the first part of the decade, in fact, there were substantial declines in all of the major producing provinces during the late 1950's and early 1960's, associated largely with problems of plant disease; the increased output in the late 1960's was due, in large part, to the introduction of new varieties in all regions and the widespread adoption of the practice of using certified, virus-free plants in new plantings. The production of strawberries, by region, is shown below.

Table 7: Production of Strawberries, by Region, Selected Years, 1958-71

	<u>Atlantic Provinces</u>	<u>Quebec</u>	<u>Ontario</u> million pounds	<u>British Columbia</u>	<u>Canada</u>
1958	5.0	7.9	8.6	10.2	31.6
1961	7.0	5.1	10.0	8.0	30.1
1964	7.3	6.9	10.0	11.8	36.0
1967	8.6	8.8	10.0	16.5	43.9
1970	4.5	8.8	13.7	15.7	42.6
1971	7.5	9.8	14.2	13.9	45.4
			million dollars		
1958	0.9	1.4	1.5	1.5	5.3
1961	1.2	1.0	1.8	1.3	5.3
1964	1.5	1.4	2.1	1.9	6.8
1967	1.6	2.0	2.4	2.8	8.8
1970	1.1	2.0	3.3	3.3	9.7
1971	1.8(a)	2.0	3.4(a)	2.4(a)	9.7(a)

(a) Estimated

Source: S.C., cat. no. 22-003 and data from provincial departments or agencies

The table above excludes most of the years in which there were severe crop failures in the more important production areas. For example, 1965 was a year of crop failure in British Columbia, Quebec and New Brunswick and Canadian production declined to 22 million pounds in that year, a decrease of nearly 40 per cent from that of the preceding year; 1969, also, was a year of crop failure in British Columbia with provincial production being less than one-third of that in 1968. As the table suggests, 1970 was a year of severe crop failure in the Atlantic Provinces, but 1970 is included to show as recent value data as are available.

As noted, Canadian production increased substantially after the early 1960's, although there were significant fluctuations in some years as the result of crop failures or poor growing conditions in some regions. In 1970, Canada produced 42.6 million pounds of strawberries, with a value, at the farm, of approximately \$9.7 million; in 1971, the upward trend in output continued, with a crop of 45.4 million pounds.

By the late 1960's, most commercial growers had replaced the older varieties with improved, virus-free stock. In British Columbia, the Northwest strawberry became the predominant variety; east of Manitoba, the Redcoat variety was dominant. Although the new varieties appear to have been largely responsible for the substantial increase in Canadian production which occurred in the late 1960's, the search for improved varieties continues. For British Columbia growers, greater frost resistance is a major goal, in order to avoid such sharp declines in production as occurred in 1965 and 1969. Growers in Eastern Canada require varieties with greater frost resistance, higher yields and easier separation of the hull from the berry by mechanical equipment.

Canadian production of strawberries increased by 38 per cent, if output in the period 1961 to 1965 is compared with that in the five-year period 1966 to 1970. However, the increase is about 50 per cent if the 1971 crop is compared with the average of the years 1961 to 1965. The average production in the periods noted above is given below, together with the regional percentage distribution of output.

Table 8: Production of Strawberries in Canada, 1961-65, 1966-70, 1970-71 and 1971

<u>Period or Year</u>	<u>Atlantic Provinces</u>	<u>Quebec</u>	<u>Ontario</u>	<u>British Columbia</u>	<u>Canada</u>
	average per year in million pounds				
1961-65	6.4	6.2	8.5	9.0	30.0
1966-70	6.6	9.5	11.3	14.1	41.5
1970-71	6.0	9.3	14.0	14.8	44.0
1971	7.5	9.8	14.2	13.9	45.4
<u>1961-65 to:</u>	percentage change				
1966-70	+3.9	+54.1	+33.3	+56.9	+38.3
1970-71	-6.5	+50.5	+64.3	+65.0	+46.6
1971	+16.8	+59.0	+67.3	+55.1	+51.2
	per cent of Canada total				
1961-65	21.3	20.5	28.3	29.8	100.0
1966-70	16.0	22.8	27.3	33.8	100.0
1970-71	13.6	21.1	31.8	33.6	100.0
1971	16.5	21.6	31.4	30.6	100.0

Source: S.C., cat. no. 22-003 and data from provincial departments or agencies

However, whatever recent years are taken for purposes of comparison, it is evident that Canadian production has increased between 45 and 50 per cent during the past decade and that the largest increases, both in absolute and percentage terms, have occurred in Ontario and British Columbia. It is also evident that Ontario and British Columbia have been and are now the largest producers of Canadian strawberries, each accounting for nearly one-third of the Canadian total.

As is discussed in detail in the section of the report dealing with the Canadian market for strawberries, there are two principal outlets for Canadian production: the market for direct consumption as fresh strawberries and that for use in processing in the manufacture of frozen strawberries, jams, toppings, spreads and other products. About 60 per cent of Canadian production is sold to the fresh market and 40 per cent for processing, but, regionally, the relative importance of the two market outlets is very different and has changed significantly in the past ten years.

As the preceding table indicated, average annual production, in Canada, rose from 30.0 million pounds, 1961 to 1965, to 41.5 million pounds, 1966 to 1970, an increase of 11.5 million pounds. The following table shows that, of the additional 11.5 million pounds, 3.3 million pounds (29 per cent) went to processors and 8.2 million pounds (71 per cent) was absorbed by the fresh market. Between the two periods, sales for fresh use rose by 47 per cent and sales for processing by 26 per cent.

Table 9: Sales of Canadian Strawberries for Direct Fresh Use and for Processing, Annual Averages 1961-65, 1966-70, 1970 and 1971

	<u>Atlantic Provinces</u>	<u>Quebec</u>	<u>Ontario</u>	<u>British Columbia</u>	<u>Canada</u>
	average per year in '000 lb.				
<u>Fresh Use</u>					
1961-65	4,493(a)	5,117(a)	6,368	1,498	17,332
1966-70	5,084	8,312	10,774	1,336	25,506
1970	3,125	7,725	13,540	1,509	25,899
1971	..	8,653	..	1,400	..
<u>For Processing</u>					
1961-65	1,758(a)	1,297(a)	2,145	7,464	12,700
1966-70	1,563	1,175	574	12,725	16,037
1970	1,365	1,024	201	14,158	16,748
1971	..	1,135	..	12,500	..
<u>Fresh Use</u>	per cent of Canada total				
1961-65	25.7	29.3	36.4	8.6	100.0
1966-70	19.9	32.6	42.2	5.2	100.0
1970	12.1	29.8	52.3	5.8	100.0
<u>For Processing</u>					
1961-65	13.9	10.2	16.9	58.9	100.0
1966-70	9.7	7.3	3.6	79.3	100.0
1970	8.2	6.1	1.2	84.5	100.0

(a) 1962-65; 1961 data not available

Source: Statistics Canada, Canada Department of Agriculture and data from provincial departments or agencies

It should be noted that 1970 was a year of crop failure in the Atlantic Provinces and, to a lesser extent, also in Quebec and this tends to distort the percentage distribution data. However, with some allowance for these distortions it is still apparent that the relative importance of Quebec and Ontario, as producers of strawberries for the fresh market, has increased, substantially. Currently, Ontario produces about one-half of the domestic strawberries consumed in the fresh state and Quebec nearly one-third of the total. Since the early 1960's, Ontario production for fresh consumption has more than doubled and that of Quebec has risen by about two-thirds; sales of domestic strawberries for fresh consumption by other producing provinces have not increased significantly.

It is even more apparent that British Columbia, which has been the major producer of strawberries for processing for more than a decade, has become increasingly important as a supplier of berries for processing and now supplies more than 80 per cent of the sales of Canadian strawberries for this purpose. Since the early 1960's, sales to processors by British Columbia growers have risen by about seven million pounds, nearly double the average annual sales of 7.5 million pounds of the period 1961-65. In contrast, Ontario sales to processors declined from about two to three million pounds in the early 1960's to about 200,000 pounds in 1970.

As noted, average annual production of strawberries for fresh consumption rose by 8.2 million pounds, between 1961-65 and 1966-70. More than half of this amount, 4.4 million pounds, was accounted for by Ontario producers and nearly 40 per cent, 3.2 million pounds, by Quebec growers; producers in the Atlantic Provinces accounted for the remaining, 0.6 million pounds. In British Columbia production for fresh consumption appears to have declined between these two periods but this may be associated with the difficulties of collecting statistics relating to fresh use; it seems improbable that production for fresh use would not have increased substantially, taking account of the large increase in the province's population.

Production for processing rose by 3.3 million pounds between 1961-65 and 1966-70. All of this increase plus an additional approximately two million pounds is accounted for by British Columbia; the two million pounds is roughly the amount by which Ontario production for processing declined in this period.

The current importance of production for processing, regionally, is shown in the following table for the latest six years for which data are available. The year 1969 was one of severe crop failure in British Columbia; 1970 was a year of crop failure in the Atlantic Provinces and Quebec; and 1971, although not a year of crop failure, was a year of relatively low output in British Columbia, because of poor growing conditions.

Table 10: Sales of Domestic Strawberries for Processing,
Canada and Regions, 1966-71

	<u>Atlantic Provinces</u>	<u>Quebec</u>	<u>Ontario</u>	<u>British Columbia</u>	<u>Canada</u>
			thousand pounds		
1966	1,819	859	1,323	15,474	19,475
1967	1,701	919	305	15,215	18,140
1968	1,508	1,311	426	14,882	18,127
1969	1,420	1,763	617	3,897(a)	7,697
1970	1,365	1,024	201	14,158	16,748
1971	..	1,135	..	12,500	..
	% of total production in the region for all uses				
1966	32.3	9.5	13.8	91.7	47.3
1967	19.7	10.5	3.0	92.4	41.3
1968	20.7	13.8	3.9	91.8	41.1
1969	19.7	15.5	5.0	76.7	21.4
1970	30.4	11.7	1.5	90.4	39.3
1971	..	11.6	..	89.9	..

(a) Year of crop failure

Source: S.C., cat. no. 22-003, Canada Department of Agriculture and data from provincial departments or agencies

Production of strawberries for sale to processors is most important to British Columbia producers; only when crop failures occur is less than 90 per cent of the provincial production sold for processing. Processing strawberries are also important to growers in the Atlantic Provinces, 20 to 30 per cent of whose production is sold to processors.

Although the availability of a market for strawberries for processing may be important to producers in the provinces of Quebec and Ontario, particularly in years when large crops tend to depress prices of strawberries for fresh consumption, neither province's production is directed towards supplying the processing market to the same extent as that of even the Atlantic Provinces. In fact, Ontario's output has been directed increasingly to the fresh market in spite of the very large rise in production, discussed earlier. Although 10 to 15 per cent of Quebec production is of strawberries for processing, this province also has experienced a large increase in output during the past decade, most of which has entered the market for fresh consumption. It is noteworthy that processors in Quebec and Ontario purchased unusually large quantities of locally-produced strawberries in 1969, when there was a crop failure in British Columbia, the dominant producer of frozen strawberries in Canada.

As the foregoing indicates, in the existing situation, the production of strawberries for processing is of very great importance to producers in British Columbia and is of significant though less importance to growers in the Atlantic Provinces and Quebec; virtually the total production in Ontario is for direct fresh consumption. The

availability of an outlet for strawberries which are unsuitable for fresh market sales and for higher quality berries in years of large crops, was said to be important to Ontario and other eastern producers, at the public hearing; in this respect, some of the issues raised involved the varieties used, harvesting practices, costs of hulling and the competition from imports. These and other related questions are dealt with in other sections of this report.

Regional Yields

By the mid-1960's, the improved, virus-free stock was widely established and yields of strawberries began to increase. The Canadian average yield, per acre harvested, increased from 4,189 pounds, in 1961, to 5,307 pounds in 1966 and to nearly 6,000 pounds per acre in 1970. Of course, not all of these increases in yield are attributable to the newer, virus-free varieties, but there is no way of measuring the effect of better cultural practices or the increased use of irrigation and of improved fertilizers and pesticides.

Regional yield data are given in the following table. However, it should be noted that published acreage statistics are not available for the Atlantic Provinces, except in census years (1961, 1966) and even in those years, are available only in terms of total bearing plus non-bearing acreage, necessitating estimation of the proportion that the bearing acreage was to total acreage in those years.

Table 11: Yields of Strawberries by Region, 1961-71

	<u>Atlantic Provinces</u>	<u>Quebec</u>	<u>Ontario</u>	<u>British Columbia</u>	<u>Que., Ont., & B.C.</u>
	pounds per acre harvested				
1961	5,947(a)	2,108	3,747(a)	8,728	3,844
1962	..	2,967	2,772(a)	9,964	4,012
1963	..	3,136	2,094(a)	7,674	3,655
1964	..	2,429	3,759	7,071	4,006
1965	..	854	4,041	1,917	2,172
1966	4,145(a)	3,961	4,157	9,367	5,553
1967	..	3,681	4,670	8,225	5,400
1968	..	4,051	5,039	7,763	5,548
1969	4,626(b)	4,755	5,477	2,479(c)	4,301
1970	3,998(b)	4,110	6,019	9,124(d)	6,226
1971	4,868(b)	..	..	7,975(d)	..

(a) Assumes that 60 per cent of total acreage is harvested

(b) Derived from data supplied by Canada Dept. of Agriculture

(c) Derived from data supplied by B.C. Dept. of Agriculture

(d) Based on acreages under contract to processors

Source: S.C., cat. no. 22-003 and data from provincial departments or agencies

It is apparent, from the table, that yields in British Columbia are very much higher than in any other province and that those in Ontario appear to be higher, in recent years, than in Quebec or the Atlantic Provinces; yields in the latter two regions appear to be very similar. Except for 1969, output per acre harvested in British Columbia was 1.5 to almost twice as large as in Ontario during the past five years, in spite of substantial increases in yields in the latter province. The table also indicates that yields in Quebec and Ontario were substantially higher in recent years than in the early 1960's. Thus, the data reflect the substantial increases in yields which occurred in the late 1960's and the relative yields in the principal producing areas.

Although the average yield data are useful, they do not show the large variations in the yields obtained by individual growers nor the relative importance of growers with large or small acreages. Detailed data on acreage and production were available to the Board only for British Columbia, for the two years 1970 and 1971. These data relate to strawberries sold for processing and, therefore, exclude berries sold for direct fresh consumption. In 1970, these detailed figures accounted for 87 per cent of the total production reported for the province and, in 1971, for 82 per cent of the total.

The distribution of production and yield, by acreage, production and yield, is given in the following table. The table applies only to those growers for whom both acreage and production data were available; either acreage or production data (but not both) were available for an additional 16 growers, in 1970, and for 42, in 1971.

Table 12: Production and Yield of Strawberries in British Columbia, by Acreage Harvested, 1970 and 1971

Over	Not Over	1970			1971		
		No. of Growers	Total Prod. '000 lb.	Prod. per Acre lb.	No. of Growers	Total Prod. '000 lb.	Prod. per Acre lb.
	acres	no.			no.		
-	5	122	1,549	5,805	71	1,279	6,042
5	10	34	2,080	8,150	25	1,497	7,532
10	20	22	3,410	9,633	18	2,296	8,199
20	35	10	2,159	7,603	16	2,983	6,953
35	-	8	4,402	8,159	8	3,332	6,281
Total		196	13,600	8,002	138	11,387	6,901

Source: Based on data supplied by B.C. Coast Vegetable Marketing Board

The above table gives some indication of the variability in yields between groups of producers, according to their average acreage of strawberries; in 1970, these average yields varied from 5,805 pounds to 9,633 pounds per acre and, in 1971, from 6,042 to 8,199 pounds per acre. The difference between the lowest to the highest group average yield was 3,828 pounds per acre, in 1970, and 2,157 pounds per acre, in 1971.

Although the table gives some indication of the extent of the variability in yields between groups of growers, the averages tend to obscure the much greater variability which actually exists. For example, the yields obtained by individual growers with ten to twenty acres of strawberries varied from less than 6,900 to more than 13,700 pounds per acre in 1970, and from less than 6,600 to over 12,500 pounds per acre, in 1971; the differences between the higher and lower yields within this group was about 6,800 pounds per acre in 1970 and 5,900 pounds per acre in 1971.

It is evident that, whether the negotiated price for processing berries is 20¢ a pound, as in 1970, or 16.5¢ a pound, as in 1971, the average yield obtained has a very great effect on gross returns. A comparison of the effect on production and on gross returns of the different yields, to a grower with 15 acres of strawberries is given below.

	1970		1971	
Acres of strawberries	15.0	15.0	15.0	15.0
Production per acre in pounds	6,900	13,700	6,600	12,500
Total production in pounds	103,500	205,500	99,000	187,500
Negotiated price, cents per lb.	20.0¢	20.0¢	16.5¢	16.5¢
Gross return in dollars	\$20,700	\$41,100	\$16,335	\$30,938
Difference in gross return	\$20,400		\$14,603	
Percentage difference in gross return	99%		89%	

In both 1970 and 1971, by far the largest group of growers had plantings of five acres or less of strawberries and constituted more than 60 per cent of the total number, in 1970, and over 50 per cent of the total in 1971. This group also had the lowest average yields in both years, 28 per cent less than the average of all growers in 1970 and 12 per cent less in 1971, this in spite of the probable understatement of production and yields of the two groups with the largest acreages.

The growers with the largest average yields in both years had plantings of 10 to 20 acres of strawberries. Their average production per acre was about 20 per cent more than the average yield obtained by all growers, in 1970 and 1971. British Columbia growers and others felt that 15 to 20 acres of strawberries was the maximum size of planting which could be properly looked after by a family, apart from the hired help required mainly during the harvest.

Because British Columbia accounts for 80 per cent of the Canadian strawberries produced for processing, that province's acreage and production patterns represent the overall Canadian situation. Unfortunately, similarly detailed data are not available for other growing areas to determine the variations in those areas.

However, whatever differences exist in the other growing regions, it is unlikely that the variation in yields would be less than in British Columbia. In British Columbia, average yields varied from less than 2,000 pounds to about 13,900 pounds per acre in 1970 and to approximately 13,200 pounds, in 1971. The above are group averages and some individual growers achieved substantially higher yields than given. The distribution of British Columbia yields is shown below.

In 1970, 63 per cent and in 1971, 53 per cent of the production was grown by producers whose yields exceeded 8,000 pounds per acre, but 21 per cent of the growers, in 1970 and 32 per cent, in 1971, obtained yields of 4,000 pounds or less.

Table 13: Distribution of Yields of Strawberries in British Columbia, 1970 and 1971

Yield		1970			1971		
Over	Not Over	Growers	Acreage	Production	Growers	Acreage	Production
tons	tons	per cent of total			per cent of total		
per	per						
acre	acre						
-	1	10.2	3.5	0.7	8.0	1.8	0.3
1	2	11.2	14.6	6.4	23.9	13.2	6.0
2	3	19.9	11.4	6.7	13.0	22.3	14.7
3	4	27.0	25.5	23.2	22.5	26.7	26.6
4	5	13.8	18.1	20.0	13.8	21.7	29.0
5	6	10.7	9.2	12.4	11.6	10.3	15.8
6	-	7.1	17.7	30.7	7.2	4.0	7.7
		100.0	100.0	100.0	100.0	100.0	100.0

Source: Based on data supplied by B.C. Coast Vegetable Marketing Board

Although detailed information is not available for other provinces, spokesmen for Ontario and Quebec growers indicated that the performance of individual growers, in their provinces, also differed greatly. In Quebec, yields were said to range from 3,000 to 9,000 or 10,000 pounds, per acre (Vol. 2, p. 249); in Ontario, most good growers were said to recognize that a yield of 10,000 pounds per acre was a reasonable objective (Vol. 4, p. 525). However, although some Quebec or Ontario growers may achieve yields of around 9,000 to 10,000 pounds, these would appear to be unusually high yields for most growers. For example, in a cost study based on the experience of efficient, commercial growers in Ontario, the average yield was 7,391 pounds per acre; in a Quebec study, also said to be representative of efficient producers, the average yield was given as 6,440 and 6,600 pounds per acre, for fresh and processing sales, respectively.

In contrast, the average yields in British Columbia, in 1970 and 1971, were 9,124 and 7,975 pounds, respectively, and from more than one-half to nearly two-thirds of the total production, in the two years, was accounted for by growers whose yields exceeded 8,000 pounds per acre. In fact, 43 per cent of the production in 1970 and 23 per cent in 1971 came from growers whose yields exceeded five tons per acre; the average yields of the growers whose yields exceeded five tons per acre was 12,830 pounds in 1970 and 11,295 pounds per acre, in 1971.

Three principal reasons may be cited to explain yield differences between individual producers within the same growing area. Firstly, there is the cyclical nature of strawberry cultivation which, in British Columbia, usually involves three harvests before the land is renovated and replanted with virus-free plants; yields in the second bearing year are normally the highest, with lesser yields in the first and third years. Growers, at different stages of such a cycle, would obtain quite different yields, despite otherwise similar growing conditions. Secondly, even in the same general area, there may be significant differences in soil fertility, drainage, the use of irrigation, and the effect of frost. For example, growers farther inland, in the Fraser Valley, are more subject to crop damage because of frost than those who are only slightly closer to the coast. Finally, and probably of primary importance, individual growers differ markedly in their knowledge of horticultural practices and in the effectiveness with which they apply their knowledge to the profitable production of strawberries.

Yield differences between regions are usually due to soil and climate, and the varieties which are suited to them.

A comparison of the yields attributed to efficient growers, in the studies made in Ontario and Quebec, with the average yields in those provinces suggests that an efficient producer would obtain a yield at least 25 per cent above the respective provincial averages. In British Columbia, the growers who obtained yields of 25 per cent above the provincial averages (from the detailed data), in 1970 and 1971, accounted for 43 per cent of the production in 1970 and for 53 per cent of the total, in 1971.

Relative Importance of Large Producers

The total number of British Columbia strawberry growers, for whom either acreage or production data were available, was 212, in 1970, and 180, in 1971; as noted, these growers accounted for 85 to 87 per cent of the production reported for the province, as a whole. Because large producers would have sold some strawberries to processors, all, or almost all of these would be included in the listings. Thus, although some producers may not have been included in the listings, at most, their number would be unlikely to exceed 30 and almost all would have relatively small acreages and would have been classified in the group having five acres or less of strawberries.

More than one-half of the growers for whom detailed data were available have relatively small plantings, five acres or less. These growers also have the smallest average yields and, as a result, account for a disproportionately small part of the total acreage and production; although they constituted 51 per cent of the total number of growers, in 1971, they accounted for only 13 per cent of the acreage and 11 per cent of the production. In contrast, the eight growers who had strawberry acreages of 35 or more, in 1971, accounted for 32 per cent of the acreage and 29 per cent of the production but for only six per cent of total number of growers. The percentage distribution of the numbers of growers, acreage and production is shown in the following table.

Table 14: Percentage Distribution of Numbers of Growers, Acreage and Production, According to Strawberry Acreage, British Columbia, 1970 and 1971

		1970			1971		
Strawberry	Acreage	No. of	Acreage	Prod.	No. of	Acreage	Prod.
		Growers	acres	'000 lb.	Growers	acres	'000 lb.
		no.			no.		
Over	Over						
All growers	Acres	196	1,699.58	13,600	138	1,649.90	11,387
		per cent of total			per cent of total		
-	5	62.2	15.7	11.4	51.4	12.8	11.2
5	10	17.3	15.0	15.3	18.1	12.0	13.1
10	20	11.2	20.8	25.1	13.0	17.0	20.2
20	35	5.1	16.7	15.9	11.6	26.0	26.2
35	-	4.1	31.7	32.4	5.8	32.2	29.3
		100.0	100.0	100.0	100.0	100.0	100.0

Source: Based on data supplied by B.C. Coast Vegetable Marketing Board

The growers with five acres or less of strawberries would have had an average total production of approximately 12,700 pounds in 1970 and 18,000 pounds in 1971. At the negotiated prices in 1970 and 1971, their average gross return would have been \$2,540 and \$2,970 respectively, in the two years. Even had a large part of the labour on these small holdings been done by members of the family, the costs would still have been at least 13 cents a pound in both 1970 and 1971 and their average net returns per grower, \$889, in 1970, and \$630, in 1971.

Thus, by far the largest group of growers in British Columbia are obviously not dependent on strawberry growing as a major source of income. The small acreages and low yields, in both 1970 and 1971, suggest that many of these growers look on their returns from strawberries as a means of supplementing other sources of income.

The approximately 40 growers who cultivated strawberry plantings of more than ten acres, constituted 20 to 30 per cent of the total number of growers, but accounted for 69 to 75 per cent of the total acreage and 73 to 76 per cent of the total production, in 1970 and 1971, respectively. The output of the larger growers in this group was probably substantially larger than the figures indicate and these 40 to 42 growers probably accounted for about 80 per cent of the province's production of strawberries. The average acreage of the group was approximately 30 acres in both 1970 and 1971, with an average production of 249,000 pounds, in 1970 and 205,000 pounds, in 1971; individual plantings ranged from about 10 acres to more than 150 acres.

Production and Yields in the U.S.A. and Mexico

Although average Canadian yields are considerably less than average U.S. yields, such a comparison tends to be misleading when California production is included in the U.S. total. When California is excluded from the U.S. data, average yields in Canada exceed those in the U.S.A., in most years. For example, with the exclusion of California, the average yield in the U.S.A. was 4,581 pounds per acre, in 1970; the corresponding average yield in Canada was 5,881 pounds per acre, in spite of a severe crop failure in the Atlantic Provinces.

California is unique in North America and probably in the world, in terms of its extremely high yields and tremendous total output of strawberries. In 1969 and 1970, California yields were 32,000 pounds and 34,000 pounds per acre, respectively; the State's total production, in those two years, was 268.8 million pounds and 289.0 million pounds, respectively, about seven times the total Canadian output.

California produces mainly for the fresh market in the U.S.A. and, to a much lesser extent, for the fresh market in Canada. The everbearing varieties which are grown in California produce throughout the growing season, which extends from approximately late January to November. The varieties grown in the State are generally considered to be inferior to the principal variety grown in British Columbia, for freezing or the manufacture of jams, but they are very widely accepted for fresh use in the U.S.A. and Canada. Although California strawberries are ordinarily much higher-priced than Canadian strawberries sold for direct fresh consumption, premium prices are paid for them because they are shipped to Canadian markets largely before local strawberries become available and are usually off the market when local crops approach their harvest peak and prices decline seasonally.

In normal circumstances, California strawberries are not competitive with Canadian berries for processing although some may be imported in years when the British Columbia crop is inadequate to supply processors' requirements. The states whose production was said to provide such competition to Canadian strawberries were Washington, Oregon and Michigan; data regarding acreage and production in these and some other states are given below.

Table 15: U.S.A., Production, Acreage and Yield of Selected Major Strawberry Growing States, 1969 and 1970

State	1969			1970		
	'000 acres	mn. lb.	lb./acre	'000 acres	mn. lb.	lb./acre
California	8.4	268.8	32,000	8.5	289.0	34,000
Oregon	12.7	69.9	5,500	11.8	70.8	6,000
Washington	4.5	26.1	5,800	4.1	29.9	7,300
Michigan	6.3	33.4	5,300	6.2	25.4	4,100
New Jersey	1.8	7.9	4,400	1.7	6.8	4,000
New York	1.8	5.4	3,000	1.7	6.3	3,700
Florida	1.6	16.0	10,000	1.8	14.4	8,000
Louisiana	2.7	7.8	2,900	2.1	8.4	4,000
U.S.A. Total	57.1	485.7	8,500	53.4	494.7	9,300
U.S.A. excl. California	48.7	216.9	4,454	44.9	205.7	4,581

Source: U.S.D.A., The Fruit Situation, September 1971

It is apparent, from a comparison of the above table with some of the Canadian yield data presented earlier, that British Columbia yields exceed those obtained in the principal producing states, except for California and, in some years, also Florida. Yields in Quebec, Ontario and the Atlantic Provinces appear to be comparable with those obtained in the northern and northeastern states. Michigan, one of the largest producing states, sometimes supplies strawberries to Ontario processors; the imports include the Midway variety which is not grown in Ontario and some are of hulled strawberries.

In Mexico where, in the past decade, a major export-based strawberry industry has been developed, average yields range from 13,000 to 18,000 pounds per acre. Although this level of production per acre does not approach the California yields, Mexican yields exceed those of all other North American growing areas.

Table 16: Mexico^(a), Acreage, Production and Yield, Crop Years, 1968-69 to 1970-71

Crop Year	Acreage acres	Production million lb.	Yield lb. per acre
1968-69	15,320	260.2	16,981
1969-70	16,062	286.6	17,844
1970-71	17,544	239.3	13,641

(a) Guanajuato and Michoacan areas

Source: U.S.D.A., Foreign Agricultural Service

According to information presented to the Tariff Board, 60 per cent of the Mexican crop is sold for processing as frozen strawberries which are subsequently exported, mainly to the U.S.A., but also to Canada and several other countries. About 30 per cent of the crop was said to be exported as fresh strawberries and ten per cent consumed domestically (Vol. 1, p. 63).

Most of the fresh strawberries exported from Mexico enter the U.S. fresh market. The Mexican harvest ordinarily begins in October, about three months earlier than in California, and continues until the following May.

ESTIMATED COSTS OF PRODUCING STRAWBERRIES

The briefs submitted on behalf of the growers from the provinces of British Columbia, Ontario, Quebec, New Brunswick, and Nova Scotia, contained data relating to the costs of producing strawberries; these data are summarized and discussed in the following. Because horticultural practices vary somewhat between various growing regions and because of different methods of presentation, the original cost data, as received by the Board, were not comparable. The different approaches used in acquiring the cost data which were submitted also affect their comparability; in some cases the information supplied was based on actual surveys of small groups of producers and the data were said to represent the actual costs and yields of the growers in the respective samples (Ontario and Quebec) while in other cases, the data were based on the estimated costs which would be incurred by growers who followed the recommended practices for those regions (British Columbia and Nova Scotia).

The costs presented in the tables which follow provide useful approximations of the actual costs of growers in the various regions of Canada, in spite of questions to which they give rise. For example, most of the studies provided for a return on investment as a cost, although the usual accounting practice is to calculate the return on investment as a residual in order to judge the profitability of an enterprise in relation to alternative investments.

The British Columbia costs, the most detailed submitted to the Board, were based on interviews with only six relatively large growers, each with about 20 acres of strawberries and the operations to which costs were attributed appear to be the recommended practices for this region. A feature of this study is that costs of materials were included at their retail list prices. Based on the detailed figures, a 20-acre strawberry enterprise, in a cropping year, would purchase fertilizer materials valued at almost \$1,000 and in addition, various chemical herbicides, pesticides and fungicides valued at approximately \$2,000; in view of the size of these purchases, it is probable that discounts from retail list prices would be available. Moreover, the original cost data were acquired in 1967 and were adjusted upward to apply to 1971. Although prices of many horticultural materials increased during this period, prices of most fertilizers declined somewhat, but, in the study, are taken to be about 18 to 19 per cent higher than in 1967. These considerations indicate that the costs of materials given in the B.C. study may be overstated.

Cost data from some of the other provinces appeared to be based on a two-year cycle, that is, one in which the acreage is replanted after only one harvest. This cycle results in much higher unit costs of production than the two-crop or three-crop cycles which have resulted from the widespread acceptance of virus-free stock. As a result, the data for all provinces are presented to show unit costs of production for cycles relating to both two and three crops; where the original figures were modified to do so, the nature of the changes are noted in the text.

Wherever they are grown in Canada, strawberries are not harvested in the year in which they are planted. The plants propagate by runners (stolons) and the very much larger numbers which are in existence in the second year are harvested for the first time. Except when new land is being brought into production, old plantings are usually plowed under after their second or third harvest and new plants are set out the following spring. Because disease is a serious problem, the soil is treated to kill disease organisms, before planting with certified virus-free plants.

Although growing cycles may vary, a common cycle in British Columbia is one of four years, in which the year of planting is followed by three years of harvest. The cycle may be longer, but yields tend to decline after the second harvest and plant disease may become a serious problem after the third harvest.

As noted, the 1971 cost data compiled by the British Columbia Department of Agriculture are based on the experience of six commercial growers, with about 20 acres of strawberries, each, in 1967. The data which are presented, in the following, relate to 1971.

Harvesting costs given in the study were calculated on the basis of the estimated cost per pound of strawberries harvested for each of the various operations and, though given in terms of costs per acre, were based on a yield of 8,000 pounds of strawberries per acre. However, a grower who followed the practices for which costs were included would obtain yields substantially above the average for the province in normal years and, in consequence, the British Columbia harvesting costs were adjusted to apply to a yield of 10,000 pounds per acre, a much more probable average yield in recent years in relation to the operations and the fertilizers, pesticides, irrigation and other items for which costs were attributed in the study; costs other than for harvesting would be unchanged. A summary of the various costs is given below.

Table 17: Estimated Average Costs of Producing Strawberries
for Processing, British Columbia, 1971

	Three Harvests \$ per acre per crop
Land preparation, planting & other costs, up to harvest	666.12
Harvesting and marketing costs	<u>1,048.80</u>
Total costs	1,714.92
	cents per lb. per crop ^(a)
Total costs	17.1

(a) Based on yield of 10,000 pounds per acre

Source: Provincial Data

The above costs apply to a four-year cycle of which the first year is non-productive; the costs incurred in the late summer or fall, preceding the planting year, apply to land from which a third crop was harvested in that year. The land preparation and planting year costs apply to each of the three harvest years which follow and, therefore, one-third of this total cost is attributed to each of the harvests.

Although an average yield of 10,000 pounds per acre was assumed for each of the three harvest years, in fact, the yield in the second harvest year would normally be more than this, and that in the first and third harvest years would be less. In this connection it should be noted that the detailed acreage and sales data available for British Columbia for 1970 and 1971 understated the actual yields obtained in that province in those years by 12 per cent and 13 per cent, respectively. The year 1970 was a fairly good year in terms of crop yield; 1971 was a relatively poor one. However, in spite of the 12 or 13 per cent understatement of yields, the averages of the two years, from the detailed data, indicate that 47 per cent of the total production was accounted for by growers who obtained yields of 9,000 pounds or more per acre; 34 per cent of the production was accounted for by yields exceeding 10,000 pounds per acre; and 24 per cent was accounted for by yields of 11,000 pounds or more per acre.

The cost data of the preceding table are given below to show the effect of different yields on average total costs per pound of strawberries.

Table 18: Summary of Estimated British Columbia Costs of Production, Showing the Effect of Yield on Costs, 1971

	Assumed Yield in Pounds per Acre			
	<u>9,000</u>	<u>10,000</u>	<u>11,000</u>	<u>12,000</u>
	cents per pound of berries			
Pre-harvest costs	7.40	6.66	6.05	5.55
Harvesting costs	<u>10.49</u>	<u>10.49</u>	<u>10.49</u>	<u>10.49</u>
Total costs	17.89	17.15	16.54	16.04

As the summary indicates, the cost per pound varies from 16 cents to almost 18 cents, depending on the yield per acre. Harvesting costs account for the largest part of the total and vary from 59 per cent of the total cost for a yield of 9,000 pounds to 65 per cent of the total for a yield of 12,000 pounds per acre. Although costs of harvesting become a larger proportion of total costs as yields increase, the reverse is true for other costs. The pre-harvest costs decline from 41.4 per cent to 34.6 per cent of total costs as yields increase from 9,000 to 12,000 pounds per acre.

It is important to note that the British Columbia data provide for a return to the operator for his own labour and for a return on invested capital at seven per cent. The Ontario costs, as presented to the Board, excluded both the cost of the operator's labour and

a return on investment, but were also available with these items of cost included. Another difference between the British Columbia and the Ontario figures, as presented, was that in the B.C. study most of the materials were priced at their retail list prices whereas in the Ontario study these were included at their actual cost. It is also important to note that the Ontario harvesting and marketing costs apply to strawberries for the fresh market and these costs are higher than for processing strawberries, to which the B.C. figures relate.

In Ontario, as in British Columbia, strawberry growers follow a variety of horticultural practices and use different cropping cycles. A common practice in Ontario is to replant strawberries after two harvests; this would be a three-year cycle, allowing for the year of replanting, during which no berries are harvested. However, although the two-crop cycle, with renovation before the second harvest, is common, "Some growers pick a patch for two or three years or more ...", according to a provincial government study entitled "Strawberry and Raspberry Production in Ontario", by E.D. McKibbin. The McKibbin study applied to the years 1967 and 1968 and speaks of renovation as opposed to replanting, in the following terms:

"There are several advantages to renovation. Renovating a patch, for example, costs only half as much as establishing a new one -- \$289 per acre compared with \$560. Only 69 labor hours are needed to renovate an acre of strawberries whereas 110 hours are needed to establish an acre of new patch. Growers can achieve equal or better yields by renovating, thus making it possible to get a much higher net return from a renovated patch than from a new patch. One co-operator obtained a yield of over 8,000 quarts [10,000 pounds] per acre from a field that had been renovated for four years. With a renovated patch there is a continuous harvest (two or three successive years), but with a new patch a grower has to wait a year before harvest until the patch is established."

The Ontario cost data are presented below in summary form. The figures apply to a production cycle of two crops and also, to one of three crops; although the two-crop cycle may, as yet, be more common, the McKibbin study suggests that the three-crop cycle is not uncommon and is more economical. The data are given in two ways: firstly, as presented in the brief and, therefore, excluding the cost of the operator's labour and interest on investment and, secondly, inclusive of these two items and, thus generally more comparable with the British Columbia data already presented.

Table 19: Estimated Costs of Producing Strawberries in Ontario for the Fresh Market, Average of the Years 1967 and 1968

	Two Harvests \$ per acre	Three Harvests per crop
Variation A		
<u>Excluding operator's labour and return on investment</u>		
Land preparation, planting & other costs, up to harvest	426.33	393.50
Harvesting and marketing costs	<u>780.41</u>	<u>780.41</u>
Total Costs	1,206.74	1,173.91
	cents per lb.	per crop
Total Costs	16.3	15.9
Variation B		
<u>Including operator's labour and return on investment</u>		
Land preparation, planting & other costs, up to harvest	\$ per acre	per crop
	562.02	515.75
Harvesting and marketing costs	<u>844.31</u>	<u>844.31</u>
Total costs	1,406.33	1,360.06
	cents per lb.	per crop
Total costs	19.0	18.4

(a) Based on average yield of 7,391 pounds per acre, given in study

The cost data presented above are based on the actual records of 36 strawberry operations. They apply to the crops of 1967 and 1968 and, therefore, current costs would be higher than those in the table.

The "total farm inputs" index for eastern Canada (east of Manitoba) was 11.7 per cent higher in the first three quarters of 1971 than in 1967 and 9.1 per cent higher than in 1968. If a 15 per cent increase is taken to apply to the above table, because of the larger increase in farm labour costs, the average total costs would be 18.7 cents and 18.3 cents per pound for the two-crop and three-crop cycles, respectively, in Variation A; the corresponding costs per pound of strawberries would be 21.9 cents and 21.2 cents, in Variation B.

However, these costs may have been offset in part by gains in productivity; in this connection it should be noted that the average yields in the Province of Ontario were 4,670 pounds and 5,039 pounds per acre, in 1967 and 1968, respectively, the years to which the basic data of the McKibbin study apply; in 1969 and 1970, the latest two years for which data are available for Ontario, the average provincial yields were 5,477 and 6,019 pounds per acre, an average increase of approximately 18 per cent. Although the larger yields would be reflected in higher harvesting and marketing costs, these

additional costs would be less than the increased income and the lower unit costs of other operations which would result from the larger output per acre.

The difference in the total average cost, per crop, between Variations A and B, is \$186.14 per acre for the three crop, four-year cycle. This difference is the sum of the cost of the operator's labour and the return on investment included in Variation B and is made up of \$110.72 labour cost and \$75.42 return on investment. Per pound of strawberries, the labour cost amounted to 1.5 cents and the return on investment to 1.0 cent, in 1967 and 1968.

As in British Columbia, harvesting constituted a large proportion (44 to 46 per cent) of the total costs; 86 per cent of harvesting costs was accounted for by hired labour. Marketing costs, also were a substantial part of Ontario growers' total costs, approximately 20 per cent, of which containers account for nearly two-thirds. As noted, the Ontario crop is directed almost entirely to the fresh market and the Ontario harvesting costs are for strawberries with hulls attached; in British Columbia, the harvesting costs apply to berries which are hulled in the picking. The distribution of the principal items of cost, in Ontario, is given below.

	Three-crop Cycle	
	Variation A	Variation B
	% of total costs	
Land preparation and planting	12.2	13.7
Renovation	13.6	14.2
Pre-harvest operations	7.7	10.0
Harvesting	46.1	43.8
Marketing	20.4	18.3
	100.0	100.0

Land preparation and planting costs are a smaller proportion of the total in the three-crop cycle because this cost is attributed to three crops instead of two, as is the case in the two-crop cycle. On the other hand, the three-crop cycle takes account of two years of renovation instead of one and, therefore, average costs of renovation are higher for the three-crop cycle.

The Quebec costs presented to the Board were based on data from a sample of 15 growers, surveyed in 1970 and 1971; they are of particular interest because they provide a comparison of the costs incurred for strawberries for the fresh market and for processing. As the following indicates, costs are the same until harvest but harvesting and marketing costs are different for the two markets. To a large extent, harvesting costs are less for processing strawberries because only ripe berries are required and, therefore, strawberries for processing are subject to fewer pickings with consequent fairly substantial savings; costs of marketing for the fresh market are higher because of the cost of retail containers of 4.35 cents per pound of strawberries.

The data presented on behalf of Quebec growers are complete only for a two-year cycle, that is, one in which replanting is undertaken after only one harvest; such a cycle has become increasingly rare among efficient, commercial growers since the introduction of certified, virus-free planting stock. In view of this and, in order to make the Quebec data more comparable with those for other provinces, Ontario costs of renovation (adjusted for 1971) were added to the Quebec figures to permit the calculation of the costs of two- and three-harvest cycles. The Quebec data are presented below, modified, as noted above, to provide for two- and three-crop cycles; all costs except those for renovation and maintenance in the second and third harvest years are from the Quebec study. It is important to note that the strawberries sold to processors would have the hulls attached.

Table 20: Estimated Costs of Producing Strawberries in Quebec, for the Fresh and Processing Markets, 1970 and 1971

	Two Harvests \$ per acre per crop	Three Harvests \$ per acre per crop
<u>For Fresh Market</u>		
Land preparation, planting and other costs, up to harvest ^(a)	587.31 ^(b)	549.41 ^(b)
Harvesting and marketing costs	600.00 ^(c)	600.00 ^(c)
Total costs	1,187.31	1,149.41
	cents per lb. per crop	
Total costs	18.4	17.8
	\$ per acre per crop	
<u>For Processing</u>		
Land preparation, planting and other costs, up to harvest	587.31 ^(b)	549.41 ^(b)
Harvesting and marketing costs	320.00 ^(d)	320.00 ^(d)
Total costs	907.31	869.41
	cents per lb. per crop	
Total costs	13.7	13.2

(a) Includes cost of irrigation

(b) Costs of renovation and maintenance assumed to be same as in Ontario for second and third crops

(c) Based on average yield of 6,440 pounds per acre, given in study

(d) Based on average yield of 6,600 pounds per acre, given in study

It is clear, from the table, that only costs of harvesting and marketing are different between the costs of strawberries sold for fresh use and to processors, but that these lower costs make a substantial difference in the average total cost per pound of strawberries sold. The yields used for calculation were those given in the Quebec study; however, the average yield for the second crop would normally be higher than for the first, particularly if the planting is renovated.

New Brunswick and Nova Scotia growers also submitted cost of production information to the Board. However, the New Brunswick data lacked much of the detail given in the Nova Scotia presentation and, therefore, only the Nova Scotia figures are summarized here.

Like the presentations of British Columbia and Quebec, the Nova Scotia figures include the cost of the operator's labour; they also provide for a return of seven per cent on investment in the costs. The Nova Scotia brief dealt with three hypothetical situations, two involving sales of strawberries to the fresh market and one relating to sales to processors. The costs, apart from those for harvesting and marketing, were assumed to be the same in each of the three illustrations but the assumed yields were very different. For strawberries for processing the assumed yield was 6,250 pounds per acre on irrigated land; for strawberries for the fresh market, yields of 7,500 and 10,000 pounds per acre were assumed, although identical operations and costs were attributed to both strawberries for the fresh market and for processing.

In Nova Scotia it was assumed that two crops would be harvested and this, presumably, is the common practice in the province. However, to permit comparisons with other data presented in this section, a three-crop cycle is also shown in the summary of the Nova Scotia data which is given below; because there appears to be little reason for assuming different yields only because the eventual disposition of the strawberries is different, an average yield of 7,500 pounds per acre is used in the table for both fresh market and processing strawberries.

Table 21: Estimated Costs of Producing Strawberries in Nova Scotia, for the Fresh and Processing Markets, 1970 and 1971

	Two <u>Harvests</u> \$ per acre per crop	Three <u>Harvests</u> \$ per acre per crop
<u>For Fresh Market</u>		
Land preparation, planting and other costs, up to harvest(a)	642.94	605.65
Harvesting and marketing costs(b)	<u>921.00</u>	<u>921.00</u>
Total costs	1,563.94	1,526.65
	cents per lb. per crop	
Total costs	20.85	20.36
	\$ per acre per crop	
<u>For Processing</u>		
Land preparation, planting and other costs, up to harvest	642.94	605.65
Harvesting and marketing costs(b)	<u>510.00</u>	<u>510.00</u>
Total costs	1,152.94	1,115.65
	cents per lb. per crop	
Total costs	15.37	14.88

(a) Includes cost of irrigation

(b) Based on average yield of 7,500 pounds per acre

The lower cost of harvesting and marketing for strawberries for processing use is accounted for mainly by the saving of the cost of retail container and flats of 3.8 cents per pound of strawberries and by the lower cost of picking for the processing market of 4.8 cents a pound when for processing compared with 6.4 cents a pound when for fresh market sale. Per pound of strawberries harvested, these savings total 5.4 cents; there is an additional very small saving in the cost of assembly and trucking of processing strawberries.

Comparisons of Provincial Cost Data

Although differences in the methods of accounting and presentation make detailed comparisons of the provincial data impossible, there are sufficient similarities to allow for some broad comparisons. The costs which are used in these comparisons include the value of the operator's labour and, with the apparent exception of the Quebec figures, also include a return to investment. The costs relating to Ontario production of strawberries were based on surveys made in 1967 and 1968, whereas all of the other studies applied to 1970 and 1971. Accordingly, the Ontario figures were adjusted to reflect 1971 costs by applying the changes in the appropriate indexes of farm prices for eastern Canada to the Ontario data; the effect of this was to increase the total costs given in the Ontario study by nearly 15 per cent. The comparisons of the provincial cost data are shown in the following table.

Table 22: Comparisons of Provincial Costs of Producing Strawberries, 1970-71

	<u>B.C.</u>	<u>Ont.</u> ^(a) dollars	<u>Que.</u> per acre	<u>N.B.</u>	<u>N.S.</u>
<u>Costs Excluding Harvesting</u>					
Up to 1st harvest	1,133	701	701	639	755
Up to each of 2nd and 3rd harvests	432	430	..	210	531
<u>Harvesting & Marketing Costs</u>					
		cents per pound			
Fresh Market	..	13.3	9.3	13.2	12.3
For processing	10.4	8.2	4.9	6.8 ^(c)	6.8
<u>Total Costs - Fresh Market</u>					
2-crop cycle	..	21.9	18.4 ^(b)	20.7	20.9
3-crop cycle	..	21.2	17.8 ^(b)	19.5	20.4
<u>Total Costs - For Processing</u>					
2-crop cycle	18.3	15.7	13.7 ^(b)	14.3	15.4
3-crop cycle	17.2	15.6	13.2 ^(b)	13.1	14.9

(a) Original data adjusted for increased costs in 1971

(b) Assumes same costs of renovation as for Ontario

(c) Assumes same costs of harvesting as for Nova Scotia

The British Columbia pre-harvest costs shown are the highest by a substantial margin -- 62 per cent or \$432 more per acre than in Ontario, the province with the second highest pre-harvest costs. About 34 per cent of these additional costs are accounted for by the higher cost of fertilizers and pesticides and nearly one-third by crop insurance. Although labour costs in Nova Scotia might be expected to be lower than in Ontario and probably no higher than in Quebec, Nova Scotia pre-harvest costs per acre exceed those in both Quebec and Ontario. Labour costs are about one-third of the total pre-harvest costs in Nova Scotia and reflect the inclusion of 239 hours of labour per acre in the pre-harvest operations for the three-crop cycle. As the table indicates, costs of renovation and maintenance during the second and third crop years also vary substantially, according to the figures presented to the Board; it should be noted that the relatively low costs of carryover reported by New Brunswick probably exclude costs of renovation.

The available information indicates that the land preparation and planting operations, for which provision is made in the various studies, are generally similar in all regions. In view of this it is difficult to explain the higher costs for the operations up to the first harvest in the British Columbia study. Even when the much higher average yield of British Columbia growers is taken into account, the costs attributed to the operations up to the first harvest are significantly higher per pound of strawberries than those in most other provinces. Even if account is taken of higher costs of land, equipment and some supplies, such as pesticides, it seems doubtful that British Columbia costs would exceed Ontario costs by as much as is suggested by the data. If the cost data for British Columbia were made comparable with those for Ontario, it is probable that the B.C. costs would decline by at least one cent a pound of berries.

It is clear, from the table, that harvesting and marketing costs are substantially lower for berries for processing and that this difference amounts to about five cents a pound. Also, the Quebec submission suggests that the amount of marketable fruit per acre is probably somewhat larger when strawberries are sold for processing. The economies of the three-crop cycle are also clear from the table.

Strawberry production is a labour intensive enterprise. For example, the Ontario study reports an average of about 600 hours of labour per acre of strawberries produced and, in 1971, costs of labour attributed to hired help and the operator accounted for more than 50 per cent of the total costs of production in Ontario. Because labour is such a large proportion of the total costs, it is surprising that Nova Scotia costs are not lower; the principal growing areas in British Columbia and Ontario are near industrial centres where labour costs would generally be substantially higher than in most parts of Nova Scotia.

Harvesting costs per acre vary according to yield and, therefore, are given in terms of cents per pound of product. As noted previously, the British Columbia costs are not directly comparable with those of other provinces because they apply to berries which are hulled in the picking whereas all of the other provinces' harvesting costs are for berries with hulls still attached. The Board was

informed that it would cost approximately four cents per pound to remove the hulls. A comparison of harvesting and marketing costs, showing some details, is given in the following table.

Table 23: Comparisons of Estimated Provincial Harvesting and Marketing Costs, 1971

	<u>B.C.</u>	<u>Ont.</u>	<u>Que.</u>	<u>N.B.</u>	<u>N.S.</u>
	cents per pound				
<u>Fresh Market</u>					
Picking & supervision	..	8.47	4.97	..	7.60
Containers	..	3.04	4.35	..	3.80
Assembly & hauling	..	..	..	..	0.88
Other	..	<u>1.83</u>	<u>..</u>	<u>..</u>	<u>..</u>
Total	..	13.34	9.32	13.20	12.28
<u>For Processing</u>					
Picking & supervision	7.70	6.78	3.64	..	5.60
Assembly & hauling	0.60	..	0.61	..	0.80
Other	<u>2.14</u>	<u>1.46</u>	<u>0.61</u>	<u>..</u>	<u>0.40</u>
Total	10.44	8.24	4.86	..	6.80
	picking & supervision as per cent of total				
Fresh Market	..	63.5	53.3	..	61.9
For Processing	73.8	82.3	74.9	..	82.4

The variations in harvesting and marketing costs, between provinces, is evident from the table and, although some items of cost appear to be questionable (for example, the Quebec costs of picking seem low), it is also evident that the major cost of harvesting is attributable to labour. In fact, because strawberries become overripe quickly, the availability of relatively large numbers of seasonal harvesting workers is essential to commercial strawberry growing. In British Columbia, where a large part of the province's output is produced on fairly large acreages, it is the usual practice to use 8 to 10 pickers per acre. On a 20-acre enterprise, the general size of those on which the B.C. cost figures were calculated, labour requirements would be 160 to 200 pickers, one field boss, one or two supervisors and five checkers, or a total of about 165 to 205 seasonal workers engaged in harvesting.

Even the much smaller strawberry enterprises of eastern Canada make large seasonal demands on supplies of labour. For example, the average acreage in the Ontario cost study was almost seven, indicating a need for 60 to more than 70 seasonal workers per enterprise at the peak of the harvesting season. And, because strawberry growing tends to be concentrated in relatively small areas, 20 growers with plantings averaging seven acres each, would need 1,200 or more pickers during a large part of the approximately 25-day harvesting season. Labour supplies of this magnitude tend to be available only in towns and cities and, as a result, strawberries are grown in substantial amounts only in areas within short busing distances of large supplies of seasonal labour. The British Columbia cost data include 1.4 cents a pound for the transportation of harvesting labourers to and from

neighbouring communities; in Nova Scotia this cost is given as 0.4 cents per pound.

The information which is available to the Board suggests that, except in British Columbia, strawberry production tends to be part of a general farming operation; in British Columbia a large proportion of the output is from holdings which specialize in the production of strawberries or which grow strawberries in conjunction with other small fruits or with vegetables for freezing or canning. However, in all regions the production of strawberries requires practically no equipment which could not be used in other, more general farming operations. As a result, a grower may undertake to produce strawberries in order to make greater use of already available equipment, to provide additional employment for hired help which is underemployed, or to provide more employment for himself and members of his family; the anticipated returns to labour may be an important consideration in his decision to grow strawberries.

Where strawberries are produced on relatively small acreages as part of a general farming enterprise, most of the operations preceding the harvest can be performed by the operator, himself, using equipment which he would already own. This would appear to be the case in Ontario; the average size of planting of the commercial operators included in this cost study, of 6.7 acres, was probably larger than the provincial average. The Quebec brief reported a total of 1,200 growers, in 1971, whose average acreage would be 1.7 acres. The average size of strawberry enterprise in the Atlantic Provinces is probably comparable with those in Ontario and Quebec.

Only the Ontario and Nova Scotia data give sufficient detail to suggest the amount of labour income which could be earned by an operator, in the production of strawberries. The Ontario study indicates an average of 113 hours of labour per acre, per crop, exclusive of harvesting and marketing operations. On the average holding of 6.7 acres of the cost study, this would provide a total of 755 hours of labour, a large part of which could be done by the operator, his hired help or, perhaps, other members of the operator's family. Harvesting and marketing provided about 190 more hours of work for the operator. The actual average cost of labour per crop, inclusive of harvesting operations, attributed to the operator in the 1971 Ontario costs, is \$688 for a 6.7 acre planting; an additional \$1,067 is attributed to hired labour for pre-harvest operations such as plowing, cultivating, fertilizing and other tasks, most of which could be performed by members of the operator's family or by the available hired help and using farm equipment which would have been purchased for other farm activities.

The Nova Scotia data included an average of approximately 54 hours of pre-harvest labour per crop, per acre, of a kind which could be performed by the operator or already available hired help, but gave no indication of what part of this work was performed by the operator. On a 6.7 acre planting, the same size as the average in the Ontario study, the cost of this labour would total \$486, exclusive of supervision during harvesting, which might be undertaken by the operator; supervision for harvesting a crop yielding 7,500 pounds per acre would be valued at about \$402 on such a farm. The total of \$888 (\$486 + \$402) is very much less than the \$1,753 (\$688 + \$1,065) of the

Ontario study. However, a large part of the difference results from the hourly costs of this labour in the two studies; in Ontario the operator's labour was valued at \$2.14 per hour, in 1971, compared with a rate of only \$1.35 per hour in the Nova Scotia study. Also, some operations which were excluded from the Nova Scotia data could not be excluded for Ontario because of insufficient details.

Average British Columbia strawberry acreages are much larger than those in other provinces and a large proportion of the province's total output is produced by growers who have plantings of 15 or more acres; the B.C. cost study was based on interviews with growers who had about 20 acres of strawberries. The Board was informed that about 15 acres of strawberries was the maximum which a farm family could handle without permanent hired help.

The British Columbia data give no indication of which operations were attributed to the operator or members of his family but a large part of the labour-time involving operations such as rotovating, plowing and fertilizing, included in land preparation and pre-harvest operations, would be performed by the operator. This labour time averaged about 21 hours per acre, per crop. Thus, on a 15-acre holding the operator could contribute at least a large part of the estimated 315 hours of labour (15 x 21 hours). At \$2.10 per hour, the rate used for valuing these operations in 1971, in the British Columbia study, this would represent total earnings of \$661.50. The operator might also undertake some part of the additional, approximately 21 hours of labour per acre, per crop, included in the cost data.

During the approximately 25-day harvesting period, the operator would perform some of the work of supervision and related tasks and, on the basis of an eight-hour working day, would contribute 200 hours of labour; at \$2.10 per hour, this would add an additional \$420.00 of labour income. Together with the \$661.50, noted above, this would make a total of \$1,081.50 for 15 acres.

As the preceding indicates, a farm operator, in Ontario, could provide himself with an opportunity to get an additional return for his labour of from \$700 to perhaps as much as \$1,500, annually, by undertaking the production of strawberries on about seven acres of land; the maximum amount which he could earn would depend on the other farming enterprises in which he was already engaged. In Nova Scotia, the opportunities for additional labour income, on a similar acreage, appear to be much less, only \$888, annually, but this is based on an hourly rate of \$1.35 for the operator's labour; even at \$1.75 an hour, the 1967 rate in Ontario, these earnings would be \$1,151, annually. The labour income of the usually more specialized producer in British Columbia appeared to be around \$1,082, in 1971, but this figure excluded certain operations such as hoeing, manuring and irrigation, in which the operator might be involved from time to time.

The above takes into account only the operator's opportunities in this respect. In so far as the operator's wife, or older children, participated in this labour-intensive enterprise, the farm family's labour earnings opportunities would be increased additionally. For example, during the 25-day harvest period at least some of the work of supervision, checking, loading and delivering the berries could easily be undertaken by members of the family other than the operator.

Almost all of the figures which have been given in this section include, as a cost, a return on the operator's investment in buildings, machinery and equipment. However, only the Ontario figures permit the isolation of this imputed return to investment. As noted, this return is more usually calculated as a residual and indicates the rate of return relative to alternative investments.

The return to investment included in the Ontario cost data was \$102.12 per crop, per acre, in the study by McKibbin, which applied to the years 1967 and 1968; the Board's recalculation of these data to make them apply to 1971 resulted in an increase in the total return to investment to \$110.60 per crop, per acre. The interest on investment included in the 1967-68 figures was calculated at six per cent; the 1971 return was not calculated separately but corresponded to a rate of approximately 6.6 per cent. Thus, for the average-sized planting in the Ontario study, of 6.7 acres, the return on investment included in the cost data would amount to \$741.02 at 6.6 per cent, the total investment to which this rate applies would be \$11,228. It should be noted that all of the studies included a separate charge for the use of land and provided for depreciation in the costs of the various operations.

A list of the machinery and equipment used by a British Columbia grower who operates a 20-acre strawberry enterprise is given below, together with the approximate 1971 replacement value of this equipment.

Tractor, 40 H.P.	\$ 4,300
Rototiller, 50"	1,425
Front loader	980
Forklift	110
Plow 2 - 16"	475
Cultivator, row	450
Cultivator, field	525
Planter, 1 row	420
Sprayer, 3 row	780
Truck, $\frac{3}{4}$ ton	4,000
Disc	665
Harrows, 3 sections	130
Picking carts	600
Trailer, 4 wheel	525
Hand tools	<u>1,000</u>
Total	\$16,385

As noted, much of this equipment would already be available on an average farm in eastern Canada where the strawberry acreage is a small part of the total. Therefore, only some part of the investment listed above would be attributable to the strawberry enterprise. The Ontario study, recalculated for 1971, suggests a total investment in machinery and equipment of approximately \$3,000. The total calculated investment, given earlier, was \$11,228, suggesting that the difference of about \$8,200 is attributable to investment in land and buildings of which \$7,700 would be for land and \$500 for buildings. Based on the average size of planting in the study, the investment in land used for the production of strawberries is about \$1,150 per acre.

Table 22, above, presented the estimated costs of producing strawberries, in Canada, in 1971, as derived from the various studies presented to the Board. These figures, without any adjustment except for the up-dating of the Ontario costs, suggested a total cost, in a three-crop cycle, of 17.8 cents to 21.2 cents a pound, for strawberries for the fresh market and a range of 13.1 cents to 17.2 cents a pound, for strawberries sold for processing. The 17.2 cents applies to British Columbia strawberries, already hulled; the 13.1 cents applies to strawberries with hulls attached.

As the preceding text suggests, a variety of factors, including the operator's labour earnings and opportunities for additional labour income to the operator and his family, enter into the appraisal of these costs. More importantly, the cost data already include an imputed return on investment. The available data do not allow a calculation of the effect on unit costs of other farm products resulting from the attribution of some of the costs of machinery and equipment to strawberries, nor the extent to which a farm operator or his hired help may be underemployed if strawberry production is not undertaken. However, the 1971 Ontario return on investment of \$110.60 per crop, per acre, included as a cost, is equivalent to an average of 1.5 cents per pound of strawberries, based on the average yield of 7,391 pounds per acre of the growers in the Ontario study. The examination of the data submitted by other provinces suggests that the return on investment included in their costs would be of the same order. The magnitude of the investment would be essentially the same regardless of whether the strawberries were intended for fresh use or processing and, therefore, the return to investment included as a cost would also be about the same.

Assuming an average return of 24 cents a pound for strawberries for the fresh market and total average costs, from a three-crop cycle, of 18.4 cents a pound, the 1971 cost calculated for Ontario, exclusive of the operator's labour earnings and the imputed return on investment, the average net return of the growers in the Ontario study would be 5.6 cents a pound. Based on the average total production of these growers, their average net return would be \$2,773, per farm, from an average planting of 6.7 acres of strawberries.

The average cost of production indicated by the British Columbia data was 17.1 cents a pound for an average yield of 10,000 pounds per acre. Even if the return on investment included in the British Columbia costs were only 1.1 cents a pound instead of the 1.5 cents a pound derived from the Ontario figures, the cost of producing strawberries in British Columbia would be approximately 16 cents a pound. In 1970, British Columbia growers received 20 cents a pound for strawberries for processing; in 1971, their return was 16.5 cents a pound. Based on a 15-acre planting, net returns, exclusive of the labour earnings of the operator or his family, would have been \$6,000 in 1970 and \$750, in 1971; if the previously calculated labour earnings of the operator, of \$1,082, were included, the return in 1970 would have been \$7,082 and, in 1971, a year of unusually low prices, \$1,832. The above takes no account of the probable overstatement of the costs of some of the materials used, to which reference has already been made.

THE PROCESSED STRAWBERRY INDUSTRY

The Products

In Canada, fresh strawberries are used to produce two principal kinds of consumer products, frozen strawberries and strawberry jams; the quantities of fresh strawberries canned or used for wine are much smaller. In addition, large amounts of fresh strawberries are preserved by freezing for use in the production of ice-cream, jams and other products and for more direct use in institutions and restaurants.

The major frozen consumer pack is the 15-ounce canco, which contains sliced or whole strawberries and 20 per cent of sugar (the "4 + 1" pack); a 20-ounce and a two-pound package are also available. Frozen, consumer packs of much less importance are the individually quick frozen, (I.Q.F.), strawberries and the strawberries which are packed in 15-ounce paper "mono-cups" or "tubs". The I.Q.F. pack is usually put up without sugar but may contain 20 per cent sugar or may be frozen in a 40 per cent sugar syrup. Most I.Q.F. strawberries are frozen so that individual berries can be readily separated after thawing. To achieve this, the firmer, more attractive berries are selected for the I.Q.F. pack and they are quick-frozen at -40° F.; the sliced or whole, 4 + 1 pack is frozen at -20° F. I.Q.F. strawberries are frequently packed in two-pound polyethylene bags.

For institutional use, a small part of the I.Q.F. pack is put up in 10-pound and 20-pound polyethylene bags which are packed as four or two to a carton, respectively. However, apart from the 15-ounce and two-pound consumer packages, the most important packages are the 30-pound pails and the 425-pound drums. The former is the principal package for frozen strawberries for institutional use and for interprovincial and international trade; the latter is used for sliced or whole, 4 + 1 berries for re-processing, mainly within the area where the strawberries are initially packed.

As for the I.Q.F. pack, only sound, firm berries are used for canning in order that they should remain whole during the cooking process. Canned berries are packed in water, the dietetic pack, or in a 45 per cent sugar syrup. The usual consumer-size can contains 10 or 14 fluid ounces; a 100-fluid ounce can is also packed for institutional use.

Strawberry jam is the other major consumer product for which fresh strawberries are used (the frozen canco pack was discussed above). Although large quantities of strawberry jam are made from frozen or SO_2 -preserved berries, strawberry jams which are labelled "pure" must not contain either SO_2 berries or added colour. Because frozen strawberries are less firm after thawing than fresh strawberries, the latter are preferred for the manufacture of pure strawberry jam; and, because colour must be added to SO_2 berries, these can be used only in the manufacture of "pectin" or "compound" jams, to which the addition of colouring is permissible. Although frozen, whole strawberries are used to make the high quality 'pure' strawberry jam and fresh strawberries may be used to manufacture the lower-priced pectin and compound jams, manufacturers of the pure jams tend to prefer fresh strawberries whereas manufacturers of pectin and compound jams would be

influenced mainly by the relative costs of fresh and preserved strawberries in their choice. Strawberry jams, whether pure, pectin or compound, are packed in metal or glass containers with a net weight of contents of $2\frac{1}{2}$, 6, 9, 12, 24 and 48 fluid ounces.

Although the frozen canco pack is produced largely from fresh strawberries, I.Q.F. strawberries can be used for this purpose by only partially thawing the berries to permit slicing and repackaging; also, I.Q.F. strawberries, in bulk, may be repacked into smaller retail containers. However, fresh strawberries are used for a large part of the Canadian pack of cancos and I.Q.F. berries.

Strawberry jellies are made from the juice of strawberries and may contain added sugar, pectin, food colour and preservative. The jellies are packed in the same sizes of containers as the strawberry jams.

Strawberry juice is also packed for direct sale to consumers and institutions in containers ranging in size from $5\frac{1}{2}$ to 100 fluid ounces. Pie fillings and fruit toppings are packed in containers which range in size from 10 to 100 fluid ounces.

Canadian Regulations

Processed strawberries and strawberry products are dealt with under the Canada Agricultural Products Standards Act, the Food and Drugs Act and the regulations under these Acts. In general, the Acts and the regulations provide for minimum standards of sanitation under which these food products may be manufactured, for grade standards, labelling, inspection, grading and testing, and the conditions for the inter-provincial movement, importation and exportation of the various products.

The processed fruit regulations provide for two grades of whole and sliced frozen strawberries: Canada Fancy and Canada Choice. The grade standards are based on such factors as the uniformity of varietal characteristics, flavour, colour, size, condition, freedom from cap stems, sepal-like bracts and the presence of green or dried berries and other defects. The detail in which the grade specifications are dealt with in the regulations is indicated by the following abstracts.

"Frozen Sliced Strawberries

12. (1) Canada Fancy is the name for the grade of frozen sliced strawberries that possess a good flavour typical of well-ripened, properly prepared strawberries and a practically uniform good colour; slices that possess good character and are in fairly good condition; that are practically free from small cap stems, sepal-like bracts or portions thereof, blemishes, dried berries and other defects.

(2) Canada Choice is the name of the grade of frozen sliced strawberries that possess a good flavour typical of well-ripened, properly prepared strawberries and a fairly uniform good colour; slices that possess fairly good character and are in reasonably good condition; that are fairly free from small cap stems, sepal-like bracts or portions thereof, blemishes, dried berries and other defects.

Definitions of Terms

- (3) For the purposes of this section:
 - (a) 'good flavour' means that the product has a good characteristic normal flavour and odour, and is free from objectionable flavours and objectionable odours of any kind; ...
 - (e) 'practically free from defects' means that for each 15 ounces of net contents there may be present
 - (i) not more than two stems, including not more than one stem exceeding $\frac{1}{2}$ inch in length;
 - (ii) an area of not more than $\frac{1}{4}$ square inch comprising of harmless extraneous material such as leaves, caps and loose sepal-like bracts; or
 - (iii) not more than a total of 3 per cent, by weight of blemished, dried or damaged berries;
 - (f) with reference to preceding subsection (e), if any two of the defects outlined in paragraphs (i), (ii) and (iii) reach allowable maximum tolerance, the other defects must be absent; ...
 - (j) 'fairly free from defects' means that for each 15 ounces of net contents there may be present
 - (i) not more than four stems, including not more than one stem exceeding $\frac{1}{2}$ inch in length;
 - (ii) an area of not more than $\frac{1}{2}$ square inch comprising of harmless extraneous material such as leaves, caps, and loose sepal-like bracts; or
 - (iii) not more than a total of 5 per cent, by weight of blemished, dried or damaged berries; and
 - (k) with reference to preceding subsection (j), if any two of the defects outlined in paragraphs (i), (ii) and (iii) reach allowable maximum tolerance, the other defects must be absent."

For Canadian canned strawberries, three grades are provided, "Canada Fancy", "Canada Choice" and "Canada Standard", in descending order; if the product is imported and meets the minimum specifications for the grade, the grade name can be printed on the container but the word "Canada" must be omitted from the grade designation.

There are no grade specifications for strawberry jams, but the Processed Fruit and Vegetable Regulations under the Canada Agricultural Products Standards Act provide for three "qualities" of jams produced from strawberries, designated as "Strawberry Jam", "Strawberry Jam with Pectin" or "Apple (or Rhubarb) and Strawberry Jam". Under the regulations these jams "shall contain" not less than 52 per cent, 32 per cent and 15 per cent, respectively, of strawberries, in addition to provisions regarding other ingredients. Thus, although there are no grades for strawberry jams which correspond, for example, to the grades for frozen strawberries, the food industry accepts that the product which is designated as "Strawberry Jam" without any other qualification is the highest quality, followed in descending order of quality by "Strawberry Jam with Pectin" and the two compound jams, "Apple and Strawberry Jam" and "Rhubarb and Strawberry Jam".

"Strawberry Jam" is commonly called "pure" strawberry jam and consists, essentially, of strawberries and sugar but may contain

- "2(c) (i) such amount of added pectin, pectinous preparation or acid ingredient as reasonably compensates for any deficiency in the natural pectin content or acidity of the named fruit;
- (ii) an antifoaming agent, and
- (iii) a preservative;"

Pure strawberry jam "shall contain not less than 52 per cent strawberries ..." A "pure" strawberry jam "shall not contain apple or rhubarb and shall not contain fruit pulp preserved in sulphur dioxide."

The regulations provide that "strawberry jam with pectin ... shall contain not less than 32 per cent strawberries" and "apple and strawberry jam ... shall contain not less than 15 per cent strawberries ..." The pectin strawberry jams "shall contain ... pectin or a pectinous preparation" and "may contain" food colour and a preservative; the compound, apple and strawberry jam "may contain" pectin or a pectinous preparation, food colour and a preservative.

Although pure strawberry jam may contain some relatively small amount of pectin and preservative, it may not contain any SO₂ pulp or colour. A "strawberry jam with pectin" must contain pectin or a pectinous preparation" and an "apple and strawberry jam" may contain pectin and food colour in addition to containing less than one-third of the strawberries of the "pure" jam. The Act specifies that additives such as food colour, sodium benzoate or sulphur dioxide (preservatives) and pectin must be listed on the label; however, if the amount of pectin added to a "pure strawberry jam" was such as only reasonably compensated "for any deficiency in the natural content ... of the named fruit", it would not need to be listed, at the time of writing, although some change could be made in these requirements in the future.

The Industry

The retail packs of frozen strawberries, sliced or whole 4 + 1 and I.Q.F., are prepared mainly from fresh strawberries. These packs are processed largely in British Columbia, the only province which produces a sufficient quantity of strawberries suitable and available for freezing. The availability of fresh strawberries suitable for processing also makes British Columbia a substantial producer of canned strawberries and pure strawberry jam.

Either fresh or preserved strawberries can be used in the production of strawberry jams and other strawberry products. As a result, a large part of the Canadian output of jams, toppings and fillings is manufactured from strawberries which have been frozen or have been preserved in SO₂; a large proportion of these strawberries are imported, mainly as frozen strawberries, for the use of eastern Canadian processors but local fresh strawberries are also used by jam manufacturers and others in Quebec and the Atlantic Provinces. Ontario producers sell only very small quantities of berries for processing, most of which are probably canned. Some bulk frozen strawberries from British Columbia are shipped to Ontario and Quebec for re-processing and institutional use; however, the Board was informed that this movement was small in relation to the imports into this region.

Apart from the use of bulk frozen strawberries in the production of cooked products, such as jams, there is a considerable demand in central Canada for frozen strawberries for use in the manufacture of ice-cream and for a variety of other purposes by hotels, restaurants, "dairy bars" and institutions.

No data are available regarding the extent of some of these uses in Canada but, in a brief presented to the U.S. Tariff Commission, on behalf of the Processing Strawberry Advisory Board of California, it was estimated that 35 per cent of the U.S. sales of frozen strawberries was in retail, consumer packages, 40 per cent, to jam and preserve manufacturers, 10 per cent, to ice-cream manufacturers, 10 per cent, to restaurants and institutions and 5 per cent, to the armed forces.

Frozen Strawberries

In a normal year about 90 per cent of the frozen strawberries produced in Canada are packed in British Columbia. The remainder is packed mainly in the Atlantic Provinces and Ontario although small amounts are also frozen in Quebec, in occasional years. The regional distribution of the pack of frozen strawberries is given below.

Table 24: Packs of Frozen Strawberries, by Region, 1961-71

	<u>Atlantic Provinces</u>	<u>Quebec</u>	<u>Ontario</u>	<u>British Columbia</u>	<u>Canada</u>
	average per year as '000 lb. of fruit				
1961-65	1,259	530 ^(a)	637 ^(a)	8,528	10,857
1966	997	658		13,118	14,772
1967	..	-	..	12,221	13,628
1968	..	-	..	12,311	13,447
1969	967	780		6,068	7,815
1970	534	519		12,440	13,494
1971	2,261	963		9,339	12,563
	per cent of Canada				
1961-65	11.5	4.8	5.8	77.9	100.0
1966	6.7	4.5		88.8	100.0
1967	..	-	..	89.7	100.0
1968	..	-	..	91.6	100.0
1969	12.4	10.0		77.6	100.0
1970	4.0	3.8		92.2	100.0
1971	18.0	7.7		74.3	100.0

(a) 1961-64 only

Source: S.C., bulletin no. 6507-720

About 20 plants froze strawberries in 1971, of which eight were located in British Columbia, nine in the Atlantic Provinces, and only three in Quebec and Ontario. On the basis of the 1971 pack, the average production per plant, in terms of strawberries, was 251,000 pounds in the Atlantic Provinces, 321,000 pounds in central Canada and 1,167,000 pounds in British Columbia. As the table indicates, the pack in British Columbia, in 1971, was unusually small and, because the same number of plants would have frozen strawberries in British Columbia in 1970, the average pack per plant, in that year, would have been 1,555,000 pounds, about one-third larger.

All of the plants which freeze strawberries also freeze other fruits or vegetables and some also pack canned fruits and vegetables. A few of these plants also manufacture jams and other cooked products. By processing other fruits and vegetables, these plants are able to extend the period during which they operate; in some cases, the period of operation is further extended, for example, by freezing some of the strawberries and re-processing them at a later date. If the strawberry processing plants depended only on fresh strawberries, they would operate for only four to six weeks annually, as the following table shows.

Table 25: First and Last Dates on Which Local Strawberries
were Reported, by Province, 1968-70

		<u>Atlantic Provinces</u>	<u>Quebec</u>	<u>Ontario</u>	<u>British Columbia</u>
<u>1968</u>	first	June 20	June 17	June 10	June 10
	last	Aug. 5	Aug. 2	July 22	July 8
<u>1969</u>	first	June 19	June 25	June 17	June 2
	last	July 28	July 29	July 30	July 7
<u>1970</u>	first	June 23	June 16	June 11	June 8
	last	Aug. 3	July 27	July 23	July 13
<u>1971</u>	first	June 21	June 21	June 10	June 28
	last	Aug. 2	July 30	July 23	July 19

Source: Canada Dept. of Agriculture, Markets Information

The available statistics show the approximate relative importance of the canco and other 15-ounce consumer packages in which a large proportion of the frozen strawberries are packed, and, perhaps less clearly, of the 425-pound drums. However, the 20-ounce and two-pound consumer packages and the 10-pound and 20-pound institutional packages are not separated from the 30-pound pails and, therefore, the relative importance of the 30-pound containers is impossible to establish with accuracy from the published data. The available statistics are presented below.

Table 26: Pack of Frozen Strawberries, by Size of Container,
1961-71

	<u>1 lb. & Under</u>	<u>Over 1 lb. to 30 lb.</u>	<u>Over 30 lb.</u>	<u>Total Frozen</u>
	average per year as '000 lb. of product			
1961-65	7,572	3,006	2,825	13,404
1966-70	7,119	3,232	5,243	15,594
1967	8,118	4,164	4,544	16,825
1968	8,117	2,623	5,861	16,601
1969	4,194	1,996	3,459	9,649
1970	6,312	4,057	6,290	16,659
1971	7,778	3,940	3,792	15,510
	per cent of total			
1961-65	56.5	22.4	21.1	100.0
1966-70	45.7	20.7	33.6	100.0
1967	48.2	24.7	27.0	100.0
1968	48.9	15.8	35.3	100.0
1969	43.5	20.7	35.8	100.0
1970	37.9	24.4	37.8	100.0
1971	50.1	25.4	24.4	100.0

Source: S.C., bulletin no. 6507-720

The importance of the 15-ounce pack is evident from the table, as are the year to year variations in the quantities so packed. The figures for 1967, 1968 and 1971 suggest a total market for about eight million pounds of this size of package but it is difficult to explain the decline to 6.3 million pounds, in 1970, in spite of a normal crop and a somewhat small inventory position at the beginning of the packing season; the unusually small pack, in 1969, reflects the crop failure in British Columbia in that year.

The variation in the quantities otherwise packaged is much greater than for the consumer pack. In 1969, the approximately two million pounds in the class "over one pound to 30 pounds" would probably have included a large amount of consumer packages; in 1970, a large part of the four million pounds in this class may have been in 30-pound pails. The "over 30-pound" pack would have been largely in 425-pound drums, for re-processing.

In British Columbia, which usually accounts for about 90 per cent of Canadian frozen strawberry production, growers contract to supply strawberries to specific processors. Under the contracts, a grower agrees to deliver the total crop harvested from a specified acreage; a grower may enter into contracts with more than one processor and may reserve some of his production for the fresh market. The processor, in turn, is obligated to purchase the crop harvested from the designated acreage at the prices and under the conditions specified in the contract. Contract negotiations are carried on under provincial legislation which has been in effect since 1970. Written contracts are required for all sales to processors in excess of 3,000 pounds from any one farm operation; however, even when a grower is not required to have a written contract or to register with and obtain a license from the B.C. Coast Vegetable Marketing Board, the transactions are subject to the same conditions.

The contracts used in British Columbia provide for such matters as methods of payment throughout the season, the conditions for diversion of berries to the fresh market, the supply of harvesting containers by the processor, receiving and weighing procedures, the method of establishing "dockage", the conditions under which contaminated or infested fruit may be rejected, quality tolerances, the arbitration of disputes and the payment of service fees to the Board's agency. Apart from other conditions of the contract, growers undertake to use regular and approved treatments of the crop with fertilizers, insecticides, fungicides and other chemicals and to keep a written record of the dates and amounts of application of chemicals, so that any residuals will be below the tolerances provided by law.

The 1971 contract contained 25 clauses relating to the contractual obligations of the grower and processor, other than price. The minimum price was agreed upon on June 3, 1971, just before the harvesting season began and was an addendum to the main contract; in 1970, the minimum price was finally agreed upon at an even later date, June 16, 1970, when harvesting was already under way.

In other provinces, contractual arrangements between growers and processors are also the common practice. In Ontario, the Ontario Berry Growers' Marketing Board sets the minimum price for processing strawberries but only small quantities of locally-grown strawberries

are used for processing in Ontario. In Quebec and the Atlantic Provinces arrangements are commonly between growers' associations and processors or are negotiated privately.

Canned Strawberries

Canned strawberries are also produced mainly in British Columbia; Ontario is the only other province where strawberries have been canned in recent years. No strawberries have been canned in the Atlantic Provinces or Quebec, since 1961, except for a small quantity in Quebec, in 1964. Canadian production of canned strawberries is shown below.

Table 27: Pack of Canned Strawberries, by Province, 1961-71

	<u>1961-65</u>	<u>1966-70</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
	average per year as '000 lb. of fruit					
Ontario	610	395 ^(a)	251	406	201 ^(c)	..
B.C.	<u>1,216</u>	<u>1,557^(a)</u>	<u>1,826</u>	<u>1,129</u>	<u>1,673</u>	<u>..</u>
Canada ^(d)	<u>1,853</u>	<u>1,909</u>	<u>2,076</u>	<u>1,535</u>	<u>1,874</u>	<u>1,344</u>
	per cent of Canada					
Ontario	32.9	20.2 ^(b)	12.1	26.4	10.7	..
B.C.	<u>65.6</u>	<u>79.8^(b)</u>	<u>88.0</u>	<u>73.6</u>	<u>89.3</u>	<u>..</u>
Canada	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

(a) Average of three years, 1966, 1968 and 1969

(b) Based on Canadian average for 1966, 1968 and 1969

(c) Estimated; assumes total sold to processors was canned

(d) Includes all years 1966 to 1970

Source: S.C., bulletin no. 6507-720

It appears from the table, that, on average, between 1.8 and 2.0 million pounds of strawberries are canned annually, although there may be considerable variation from year to year, depending mainly on crop conditions. In 1969, for example, the pack of canned strawberries declined very substantially because of limited supplies for processing in British Columbia; at the same time, Ontario's output rose sharply in anticipation of a small pack in British Columbia. In 1968 and 1970, two reasonably good crop years, the strawberries used for canning accounted for about 11 per cent of the total quantity sold to processors; in 1969, the much smaller pack of canned strawberries accounted for 20 per cent of Canadian sales to processors and for 29 per cent of British Columbia growers' sales for processing.

The 14-ounce can is by far the most common size for canned strawberries. In most of the recent years this size has been used for nearly 80 per cent of the total pack.

Six plants canned strawberries in 1971, four of them in British Columbia. Although not all of the six produced other strawberry products, all six were engaged in the production of other processed fruit or vegetable products.

Jams and Other Related Products

Although very large quantities of domestic and imported strawberries are used in the manufacture of jams, almost no information is available regarding the amounts used, or the products manufactured. In British Columbia, some proportion of the pure strawberry jams are made from fresh strawberries but the quantities involved are unknown. In other parts of Canada, mainly Ontario and Quebec, most of the strawberry jams, including the 'pure', are made from imported frozen strawberries; substantial quantities of SO₂-preserved strawberries are also used for this purpose, largely in the so-called, pectin jams.

Because strawberry jams tend to darken after manufacture the general practice is to produce these jams throughout the year. It was estimated that about 25 per cent of the B.C. strawberries used for jams are fresh strawberries manufactured into jams during the harvest season; the remainder is manufactured almost entirely from frozen, sugared berries (Vol. 4, p. 549).

As noted, there is virtually no direct information available regarding the quantities of the cooked strawberry products which are manufactured in Canada. However, by making a series of estimates based partly on the discussions at the public hearing, interviews with manufacturers, and U.S. experience, it is possible to give the orders of magnitude involved although the estimates themselves should be treated with caution. Based on such estimates, it appears that Canadian production of such cooked strawberry products as jams, jellies, fruit toppings, and spreads used by the baking industry, ranged between 45 million and 55 million pounds annually, in recent years. These quantities of cooked products represent a demand for about 14 to more than 18 million pounds of strawberries, a large part of which would be used in the frozen form.

The British Columbia growers' brief estimated that about 3.3 million pounds of local strawberries were used in that province, in 1971, to produce jams and related products; this estimate includes strawberries made into jams during the harvest season and also local strawberries preserved by freezing and re-processed later in the year. However, Nabob Foods Limited informed the Board that it used an average of two million pounds of strawberries per year for jam and the total use of strawberries, in British Columbia, for jam and related products, may be of the order of four to five million pounds, annually. Most of the remaining cooked products are manufactured in the provinces of Quebec and Ontario. By subtraction, this market would reflect an average annual demand for about 12 to 13 million pounds of strawberries, which is supplied to a very minor extent by domestic, fresh strawberries. Most of the strawberries used by central Canadian manufacturers of jams and related products are imported as frozen berries; an additional two to three million pounds of imported strawberries preserved in sulphur dioxide are also used by Canadian manufacturers of pectin jams and similar products.

Canadian shipments of jams and jellies are given in the following table; these data are not available on a provincial basis nor according to the kind of fruit used. Products such as strawberry toppings are combined with syrups and other fruit toppings in the

published statistics and are excluded from the table; the table includes only the principal cooked strawberry products, the jams and jellies. At the public hearing, it was estimated that about 50 per cent of the jams sold in Canada are strawberry jams (Vol. 4, p. 596). Based on this estimate, the strawberry jams included in the table declined from about 44 million pounds, in 1966, to approximately 32 million pounds, in 1969.

Table 28: Canadian Shipments of All Jams and Jellies, 1966-69

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
		'000 lb.		
Jams	88,612	77,218	67,488	61,717
Jellies	<u>7,065</u>	<u>6,414</u>	<u>7,405</u>	<u>8,940</u>
Total	95,677	83,632	74,893	70,656
		\$'000		
Jams	19,601	17,710	15,918	14,909
Jellies	<u>1,659</u>	<u>1,638</u>	<u>1,911</u>	<u>1,941</u>
Total	21,260	19,348	17,829	16,850

Source: S.C., cat. no. 32-218

IMPORTS

Canada imported an average of 28.9 million pounds of strawberries, annually, between 1966 and 1970, about the same as the average in the preceding five years. Slightly more than 60 per cent of the 1966 to 1970 imports was entered as fresh strawberries and the remainder as frozen product. It is estimated that, in addition, Canada imported an average of approximately 2.1 million pounds per year of strawberries, preserved in sulphur dioxide, in this period. The average value for duty of all of the imports totalled \$7.3 million per year; in this period, the average annual value for duty of the imports of fresh strawberries was \$4.3 million, of the frozen \$2.7 million and of the berries preserved in SO₂, \$0.3 million. The corresponding average unit values of these imports were 24.4 cents a pound for the fresh strawberries and in terms of berries, 23.8 cents a pound for the frozen and 14.7 cents a pound for those preserved in SO₂; these unit values are based on the f.o.b. values in the countries of origin and exclude freight, duty, brokerage and cost of unloading in Canada. Including the SO₂ strawberries, net imports (total imports minus exports) averaged almost 43 per cent of domestic disappearance during the five-year period, 1966 to 1970.

Table 29: Imports^(a) of Strawberries, 1961-71

	Imported as:			Imported as:		
	Fresh	Frozen ^(b)	Total	Fresh	Frozen	Total
	av. per year in mn.	lb.		av. per year in	\$mn. ^(c)	
1956-60	18.7	6.2	24.9	3.4	1.5	4.9
1961-65	20.7	8.5	29.2	4.2	2.0	6.2
1966-70	17.5	11.3	28.9	4.3	2.7	7.0
	million lb.			\$ million ^(c)		
1964	21.1	7.7	28.7	4.4	1.8	6.3
1965	15.7	14.6	30.3	3.6	3.6	7.3
1966	14.9	9.6	24.5	3.7	2.5	6.2
1967	15.2	9.3	24.5	3.8	2.1	5.9
1968	17.6	8.5	26.1	4.2	2.1	6.2
1969	21.5	17.2	38.7	5.2	4.1	9.3
1970	18.3	12.2	30.5	4.6	2.7	7.3
1971	19.4	10.0	29.4	4.7	2.1	6.7

(a) Excludes strawberries in SO₂

(b) Converted to strawberries at .81 lb. of berries per pound of product

(c) Value for duty, f.o.b. country of origin

Source: S.C., cat. no. 65-203

Imports of frozen strawberries increase very substantially in years, such as 1965 and 1969, when the British Columbia crop is unusually small (table 29). Imports of fresh strawberries also increase in such years if supplies are available in states close to British Columbia. Thus, imports of fresh strawberries did not increase in 1965, which was a year of crop failure in the states of Washington and Oregon as well as in British Columbia, but increased in 1969 when the crops in these nearby states did not decline as much as in B.C.

In general, average imports of fresh strawberries increased during the early 1960's and declined in the last part of the decade; the level of fresh imports in 1970 and 1971 was only slightly higher than the average imports between 1956 and 1960. Average imports of frozen strawberries have increased substantially between 1956-60 and 1966-70 but show no particular trend in the past six years (1966 to 1971). Combined average annual imports of both fresh and frozen strawberries have increased by about four million pounds between 1956-60 and 1966-70. As the annual figures indicate, total imports show no particular trend since the mid-1960's; the unusually large imports in 1965 and 1969, especially of frozen strawberries, resulted from the crop failures in British Columbia in those years.

During the period covered by the table, the average domestic disappearance increased very substantially, from about 52.7 million pounds per year during the period 1956 to 1960 to 72.0 million pounds per year in recent years, an average increase of about 19.3 million pounds. Total imports rose by an average of only five million pounds during this period and, therefore, supplied only about one-quarter of the larger Canadian demand for strawberries; the remaining 14 million pounds was supplied by the larger domestic production. In fact, Canadian production increased even more than indicated by these figures because average exports rose from about 139,000 pounds per year between 1956 and 1960 to about two million pounds per year in 1970 and 1971. Thus, net imports (total imports minus exports) declined from 47 per cent of domestic disappearance in the period 1956 to 1960, to only 39 per cent of disappearance in 1970 and 1971, disregarding the strawberries packed in sulphur dioxide.

As noted in earlier sections of this report, fresh strawberries are imported mainly for sale as such; almost all imports of frozen strawberries are for re-processing into products such as jams and ice-cream or for institutional use. Because the markets which the fresh and frozen products supply are normally very different, imports of fresh and frozen strawberries are discussed separately.

Imports of Fresh Strawberries

Average imports of fresh strawberries rose during the early 1960's and declined during the later years of the decade with average annual imports in the last five years of the decade, about one million pounds less than in the five-year period, 1956-60. During the past fifteen years, average imports in the fresh state declined from 75 per cent of total imports in terms of fruit between 1956 and 1960, to 61 per cent of the total between 1966 and 1970. Most imports of fresh strawberries originate in the U.S.A. and a large proportion of these

are grown in California. During the past 15 years, the U.S.A. supplied less than 95 per cent of Canadian fresh imports in only one year, 1970, when 92.3 per cent of these imports originated in that country.

Table 30: Imports of Fresh Strawberries by Principal Country of Origin, 1956-71

	<u>Mexico</u>	<u>U.S.A.</u>	<u>Total</u>		<u>Mexico</u>	<u>U.S.A.</u>	<u>Total</u>
	av. per year,	mn. lb.			av. per year,	\$mn. (a)	
1956-60	*	18.7	18.7		*	3.4	3.4
1961-65	0.1	20.7	20.7		*	4.2	4.2
1966-70	0.7	16.8	17.5		0.2	4.1	4.3
		million lb.				\$ million (a)	
1964	0.1	21.0	21.1		*	4.4	4.4
1965	0.2	15.5	15.7		*	3.6	3.6
1966	0.4	14.5	14.9		0.1	3.6	3.7
1967	0.4	14.8	15.2		0.1	3.7	3.8
1968	0.5	17.1	17.6		0.1	4.0	4.2
1969	0.9	20.6	21.5		0.3	5.0	5.2
1970	1.4	16.9	18.3		0.4	4.2	4.6
1971	1.2	18.2	19.4		0.3	4.4	4.7

(a) Value for duty, f.o.b. country of origin

Source: S.C., cat. no. 65-203

Until 1966, the U.S.A. supplied at least 99 per cent of Canadian fresh imports; beginning in 1966, imports from Mexico began to increase and the U.S. share declined to approximately 95 per cent of the total by the beginning of the 1970's. Recent imports of fresh strawberries ranged between 17.5 and 19.5 million pounds per year with a value for duty of 4.2 to 4.7 million dollars.

In recent years, from 85 per cent to more than 90 per cent of the imports of fresh strawberries have been for consumption in the fresh state, a percentage which has increased significantly during the past decade (table 31). Apart from unusual years such as 1969, it has varied from 87 per cent of total fresh imports in 1970 to 94 per cent of the total in 1968. The distribution of fresh imports between processing and fresh use is given below.

Table 31: Imports of Fresh Strawberries Showing Sales for Use in the Fresh State and for Processing, 1956-70.

	Fresh For			% for	Fresh For			% for
	Use	Proc.	Total	Fresh	Use	Proc.	Total	Fresh
	av. per yr.,		mn. lb.	%	av. per yr.,		\$mn(a)	%
1956-60	15.2	3.5	18.7	81.2	2.8	0.6	3.4	82.0
1961-65	15.8	4.9	20.7	76.2	3.3	0.9	4.2	77.9
1966-70	14.7	2.8	17.5	83.9	3.7	0.6	4.3	85.6
	million lb.				\$ million(a)			
1966	12.2	2.7	14.9	82.0	3.1	0.6	3.7	83.9
1967	13.9	1.4	15.2	91.0	3.5	0.2	3.8	93.5
1968	16.5	1.1	17.6	93.5	3.9	0.3	4.2	93.9
1969	15.1	6.5	21.5	69.9	3.7	1.5	5.2	71.2
1970	15.9	2.5	18.3	86.6	4.1	0.5	4.6	89.0
1971	..	..	19.4	..	..	..	4.7	..

(a) Value for duty, f.o.b. country of origin

Source: S.C., cat. no. 65-203, 32-218; bulletin no. 6507-730

It is evident, from the table, that average annual imports of strawberries for use in the fresh state have declined somewhat in the past fifteen years. However, the quantities imported in 1968 and 1970, two fairly average years, are of the same order of magnitude as the larger imports in the early 1960's.

During the past 15 years Canadian consumption of strawberries in the fresh state has risen from about 24 million pounds in 1956 to approximately 40 million pounds in 1970, an increase of 16 million pounds, or 69 per cent. Because the quantities imported for use in the fresh state have actually declined in this period, apart from fluctuations between individual years, imports have supplied a decreasing proportion of the Canadian market for strawberries for fresh use. As a result, net imports of fresh strawberries currently supply slightly more than one-third of Canadian fresh market sales whereas they supplied just over 50 per cent of these sales, during the late 1950's.

Imports of fresh strawberries for processing appear to have followed the same general patterns as the imports for fresh use. However, because the quantities imported for processing are much smaller, the year to year fluctuations, in percentage terms, are sometimes very large. As would be expected, imports of fresh strawberries were unusually large in 1969 when there was very considerable frost damage to the British Columbia crop. Recent annual imports for processing ranged between 2.7 million pounds in 1966 and 1.1 million pounds in 1968; imports in 1969, at 6.5 million pounds, were about treble the usual quantity imported for processing.

Little information is available regarding the origin of imported fresh strawberries according to their intended use. However, the information published by the Canada Department of Agriculture showing the unloads of strawberries for fresh use, at the principal markets in Canada, indicates that, during the five-year period 1966 to 1970, average annual unloads of California strawberries amounted to 9.4 million pounds per year, being 64 per cent of the reported imports for use in the fresh state or 54 per cent of the imports for all uses. The other significant sources of supply of strawberries for fresh use are the State of New Jersey and Mexico; the unload data indicate that all imports of fresh berries from Mexico are for fresh use.

Fresh strawberries for processing originate mainly in the State of Washington and, to a lesser extent, in Oregon and Michigan. Washington and Oregon berries are used by B.C. processors and some may also be imported for use in the fresh state; occasional shipments of Michigan strawberries are known to have been imported into Ontario for processing; at least one fairly large shipment from Michigan consisted of hulled, fresh strawberries.

As the preceding indicates, fresh strawberries are imported mainly for use in the fresh state. Fresh imports totalled about 18 to 19 million pounds annually, in recent years, of which 85 per cent to more than 90 per cent was resold for fresh use and the remaining, approximately 1.1 to 2.5 million pounds were used for processing. Apart from years of crop failure, such as 1969, imported fresh strawberries are only a small proportion of the total quantity of fresh berries used for processing and ranged, in recent years, from six per cent of the total in 1968 to 13 per cent of the total in 1970.

Regional Imports in the Fresh State

Although some strawberries intended for delivery to Quebec purchasers may be reported as having been entered at Ontario ports of entry, the published data relating to imports by province of entry reflect the actual destinations of imports, fairly accurately. As the following table indicates, Quebec and Ontario, together, currently account for more than 60 per cent of total fresh imports; the Prairie Provinces, which are almost entirely dependent on imports for supplies of fresh strawberries, account for about 22 per cent of these imports. Annual imports of fresh strawberries into the Atlantic Provinces exceeded 300,000 pounds in the early 1960's but declined in the later years of the decade. The imports by region of entry are given below; the figures include imports both for fresh use and for processing.

Table 32: Imports of Fresh Strawberries by Region of Entry, 1961-71

	<u>Atlantic Provinces</u>	<u>Quebec</u>	<u>Ontario</u>	<u>Prairie Provinces</u>	<u>British Columbia</u>	<u>Canada</u>
	average per year in '000 lb.					
1961-65	314	5,515	5,080	3,652	6,152	20,713
1966-70	189	5,007	5,209	3,569	3,555	17,528
			thousand pounds			
1966	236	4,201	3,719	2,737	4,027	14,920
1967	103	5,310	4,497	3,195	2,141	15,245
1968	170	5,122	5,574	4,006	2,737	17,609
1969	141	5,168	6,198	3,857	6,161	21,525
1970	297	5,233	6,055	4,049	2,708	18,342
1971	282	5,593	6,864	4,532	2,165	19,436
			per cent of Canada total			
1961-65	1.5	26.6	24.5	17.6	29.7	100.0
1966-70	1.1	28.6	29.7	20.4	20.3	100.0
1968	1.0	29.1	31.7	22.7	15.5	100.0
1969	0.7	24.0	28.8	17.9	28.6	100.0
1970	1.6	28.5	33.0	22.1	14.8	100.0
1971	1.5	28.8	35.3	23.3	11.1	100.0

Source: Statistics Canada

The table shows that recent imports of fresh strawberries into Quebec and Ontario totalled about five million and six million pounds respectively, per year; recent fresh imports into the Prairie Provinces have been about four million pounds per year, while imports into British Columbia varied between about two million pounds in 1967, to more than six million in 1969, depending on the size of the province's crop. Imports of fresh strawberries into the Atlantic Provinces were relatively small in all years.

Although the data relating to imports by province of entry do not show the intended use of the strawberries, other information suggests that, apart from 1966 and 1968, when fairly small quantities were entered for processing, fresh strawberries imported into the Atlantic Provinces are almost entirely for the fresh market; from 85 per cent to 95 per cent of the fresh imports into Quebec are also for the fresh market but, in 1969, when British Columbia production of frozen strawberries declined by about 50 per cent, about 30 per cent of the fresh imports into Quebec appear to have been for processing; a larger proportion of the fresh imports into Ontario appear to be used for processing and, as in Quebec, about 30 per cent of these imports, in 1969, were apparently for processing.

Imports of fresh strawberries for processing into British Columbia seem to have varied between about one-quarter million pounds in 1968 to slightly more than three million pounds in 1969; in the latter year, the estimated imports for processing accounted for almost one-half of the imports entered into British Columbia in the fresh state.

Imports of fresh strawberries into Quebec and Ontario, taken together, declined somewhat in the late 1960's although imports into Ontario increased during this period. Average annual imports into the Prairies were almost unchanged in the period 1966 to 1970 from the average imports reported 1961 to 1965. Average imports into British Columbia declined substantially during the late 1960's but, as noted, year to year variations are larger than in other regions and are related to local crop conditions.

Seasonal Imports of Fresh Strawberries

Most imports of fresh strawberries are entered during the four months, April to July and nearly 60 per cent are imported during the months of May and June. A relatively small proportion of the annual imports, 7.5 per cent, is entered in the first quarter of the year; 10.7 per cent of the total is entered during the months of August to December. The average monthly imports in the five-year period, 1966 to 1970, are given below.

Table 33: Average Monthly Imports of Fresh Strawberries
by Principal Country of Origin, 1966-70

	<u>Mexico</u>	<u>U.S.A.</u>	<u>Total</u>	<u>Mexico</u>	<u>U.S.A.</u>	<u>Total</u>
	av. per month, '000 lb.			per cent of year		
January	165	82	248	22.7	0.5	1.4
February	198	153	352	27.2	0.9	2.0
March	153	563	719	21.0	3.4	4.1
April	51	2,071	2,124	7.0	12.3	12.1
May	5	4,598	4,603	0.7	27.4	26.3
June	-	5,513	5,513	-	32.8	31.5
July	8	2,087	2,094	1.1	12.4	11.9
August	-	763	763	-	4.5	4.4
September	-	519	519	-	3.1	3.0
October	-	267	267	-	1.6	1.5
November	15	51	66	2.1	0.3	0.4
December	133	125	262	18.3	0.7	1.5
Year	728	16,790	17,528	100.0	100.0	100.0

Source: S.C., cat. no. 65-007

Although average imports of some two million pounds of fresh strawberries are recorded for July, in the preceding table, the available information indicates that nearly one-half million pounds of these imports were for sale in the Prairie Provinces for fresh use and a substantial part of the remainder was for use by processors. The

statistics relating to truck and rail arrivals of fresh strawberries at 12 major markets in Canada indicate that the volume of imports for fresh use is very large in the first two weeks of June and then declines sharply in the third week and again in the fourth week of June. There are ordinarily no arrivals of imported fresh strawberries at major Canadian markets in the first three weeks of July; the smaller communities not included in these reports would have difficulty in disposing of carload lots of imported fresh strawberries and, consequently, obtain their supplies from larger Canadian centres included in the reports.

For eastern Canada (the major markets east of Winnipeg) the marketing period for domestic fresh strawberries covers six weeks. The movement of the domestic crop to market begins in the third week of June, reaches a very large volume for four weeks and is essentially ended by the third or fourth week of July.

Consequently, arrivals of imported fresh strawberries decline sharply as the harvesting of domestic strawberries begins and none is normally available at major eastern Canadian markets by the first week of July. Imports continue to arrive at Prairie markets throughout July and, though the volume of arrivals declines, fresh strawberries also continue to be imported into British Columbia. The relationship between imported and domestic supplies for fresh use at major Canadian market centres is shown in the following table; the table covers a nine-week period and the first week of July includes the last days of June.

Table 34: Unloads of Imported and Domestic Strawberries at Major Canadian Markets, by Weeks, June and July, 1968-71

Month and Week	Eastern Canada			Total Canada		
	Imported	Domestic	Total	Imported	Domestic	Total
	average in '000 lb.			average in '000 lb.		
<u>June</u>						
1st	576	-	576	900	-	900
2nd	585	5	590	887	9	896
3rd	311	302	612	617	351	968
4th	72	1,724	1,796	279	1,787	2,066
<u>July</u>						
1st	14	2,426	2,439	167	2,507	2,673
2nd	41	2,579	2,619	180	2,624	2,804
3rd	18	1,422	1,440	144	1,440	1,584
4th	23	383	405	122	383	504
5th	68	50	117	131	50	180

Source: Canada Dept. of Agriculture

It is evident from the table how quickly the volume of domestic market supplies increases and, also, how rapidly it declines. The peak harvest period lasts only four weeks during which more than 90 per cent of the total crop for fresh market use is sold. Supplies of imported strawberries available at major market centres decline rapidly as supplies of domestic fresh strawberries become available and, as the table shows, imported berries are virtually non-existent at eastern markets by the first week of July. It should be noted that, although small quantities of imported fresh strawberries are shown as arriving at eastern markets during the first three weeks of July, this would ordinarily be an unusual circumstance; all of the unloads shown in the table for these weeks occurred in 1969 and no unloads were reported in this period in any of the other three years, 1968, 1970 or 1971.

Imports of Frozen Strawberries

Imports of frozen strawberries have increased substantially in the past 15 years, from an average of 7.6 million pounds per year in the late 1950's to an average of 14.0 million pounds per year in the late 1960's. Imports in 1971 totalled 12.3 million pounds valued at \$2.1 million. During this 15-year period there was also a significant change in the origin of Canadian imports. During the late 1950's (1956 to 1960), imports of frozen strawberries from the U.S.A. declined from 88 per cent of the total in 1956 to 39 per cent of the total in 1960 and the U.S.A. supplied 69 per cent of the frozen strawberries imported in that five-year period; during the late 1960's (1966 to 1970), the U.S.A. supplied only 9.5 per cent of the total imports and Mexico, which had supplied only 20 per cent of the total between 1956 and 1960, accounted for 82 per cent of the total imports in the five years 1966 to 1970. A summary of the import statistics follows.

Table 35: Imports of Frozen Strawberries by Principal Country of Origin, 1956-71

	<u>Mexico</u>	<u>U.S.A.</u>	<u>Total</u>	<u>Mexico</u>	<u>U.S.A.</u>	<u>Total</u>
	av. per year, mn.	lb.		av. per year	\$ mn.	
1956-60	1.5	5.2	7.6	0.2	1.1	1.5
1961-65	6.0	2.3	10.5	1.1	0.5	2.0
1966-70	11.5	1.3	14.0	2.2	0.3	2.7
	million lb.			\$ million ^(a)		
1964	6.2	0.9	9.5	1.2	0.2	1.8
1965	11.0	2.6	18.1	2.1	0.7	3.6
1966	9.2	1.0	11.8	1.9	0.3	2.5
1967	10.8	0.5	11.5	1.9	0.1	2.1
1968	7.9	1.2	10.5	1.5	0.3	2.1
1969	17.8	2.5	21.2	3.5	0.5	4.1
1970	11.8	1.4	15.0	2.1	0.3	2.7
1971	10.8	1.3	12.3	1.8	0.3	2.1

(a) Value for duty, f.o.b. country of origin

Source: S.C., cat. no. 65-203

The volume of imports varies greatly between some individual years mainly because of fluctuations in Canadian supplies. For example, the unusually large quantities imported in 1965 and 1969 reflect serious frost damage in British Columbia, where about 90 per cent of the Canadian frozen pack is produced. Current imports appear to range between 12 and 15 million pounds per year valued at \$2.1 million to \$2.7 million.

As noted, Mexico is now the principal supplier of frozen strawberries to the Canadian market (about 80 per cent of the total) and the U.S.A. supplies about ten per cent of Canadian imports. The remaining ten per cent is supplied mainly by Poland with relatively small quantities also originating in several other countries.

According to the available information, consumer packages of frozen strawberries are almost entirely of Canadian origin although some may also be packed in the U.S.A. for Canadian distributors, particularly in years such as 1965 and 1969 when there is a shortage of domestic supplies of fresh strawberries in British Columbia. In such years, some British Columbia freezers may import consumer packages bearing their labels from the U.S.A. in order to have their branded lines in retail stores at all times.

Frozen strawberries are imported in the 4 + 1 pack (4 pounds of berries to one pound of sugar), the 27 + 1 pack (27 pounds of berries to one pound of sugar) or as I.Q.F. berries frozen without sugar; by far the most common form in which frozen strawberries are imported is the 4 + 1 pack of whole strawberries. A pack whose designation as "sort-outs" was originated only in the last few years is also imported. As the name suggests, this pack consists essentially of cull berries which were "sorted out" from the superior strawberries packed as 4 + 1 or I.Q.F. Because sort-outs do not conform to the established grades for frozen strawberries, under the Canadian regulations, such berries can be imported only for re-processing and only if the required permission is granted. Sort-outs are usually packed as 27 pounds of berries to one pound of sugar (27 + 1); their principal use is in lower quality jams. Almost all of the imports are packed in 30-pound pails. This is by far the most common type of container used in international trade, in North America, for frozen strawberries.

Imports of the frozen strawberries are nearly always used for re-processing into products such as jams, for direct use in the manufacture of ice-cream or pastries, or for direct institutional use; however, in occasional years the imports would also include consumer packages. By contrast, in eight of the past ten years, about 50 per cent or more of the Canadian frozen pack was in consumer containers of one pound or less, and some additional percentage of the total was packed in 20-ounce and two-pound consumer containers. The data suggest that, at most, from 2.0 to 2.5 million pounds of the total Canadian frozen pack was put up in 30-pound pails between 1966 and 1971. Part of this pack, when shipped to Ontario and Quebec, would be exposed to the competition of imports. A summary of Canadian production, imports and consumption of frozen strawberries is given below.

Table 36: Canadian Production and Imports of Frozen Strawberries, 1961-71

	Canadian Production			Imports	Domestic Disapp. ^(b)	% Imports of Disapp.
	1 lb. & Under	Over 1 lb. to 30 lb. av. per yr.,	Total ^(a) '000 lb. of product			
1961-65	7,572	3,006	13,404	10,474	23,878	43.9
1966-70	7,119	3,232	15,594	13,996	29,590	47.3
'000 lb. of product						
1964	9,100	4,171	17,955	9,478	27,433	34.5
1965	4,884	1,683	8,444	18,065	26,509	68.1
1966	8,855	3,322	18,237	11,791	30,028	39.3
1967	8,118	4,164	16,825	11,484	28,309	40.6
1968	8,117	2,623	16,601	10,513	27,114	38.8
1969	4,194	1,996	9,649	21,183	30,832	68.7
1970	6,312	4,057	16,659	15,007	31,666	47.4
1971	7,778	3,940	15,510	12,313	27,823	44.3

(a) Includes containers of "over 30 lb."

(b) Not adjusted for inventory changes

Source: S.C., cat. no. 65-203 and bulletin no. 6507-720

During the past decade, Canadian yearly average disappearance of frozen strawberries has increased by 5.7 million pounds; larger Canadian production has supplied 38 per cent of this increase and imports, 62 per cent. As a result, imports as a percentage of domestic disappearance have risen from an average of 44 per cent in the early 1960's to 48 per cent in the late 1960's.

Excluding the year 1969, during the six years which followed 1965, the average pack in containers of one pound or less was 7.8 million pounds per year and in containers exceeding 30 pounds it was 5.3 million pounds per year; a large part of the latter would be in 425-pound drums for further processing use in the locality where packed. Together, these two packs accounted for 78.4 per cent of the average annual frozen pack of 16.8 million pounds in that period. Of the remaining 3.6 million pounds, about one million pounds or even more, would have been consumer packages exceeding one pound in weight and in 10-pound and 20-pound containers; the most common pack for I.Q.F. strawberries is the two-pound polyethylene bag and some 4 + 1 sliced strawberries are also packed in containers exceeding one pound.

Thus, at most, about 15 per cent of the Canadian frozen pack would appear to be potentially competitive with imported frozen strawberries and a large part of these domestic frozen strawberries would have been produced in British Columbia. No statistics are available regarding the movement of British Columbia bulk pack frozen strawberries to Ontario and Quebec. However, discussions with freezer operators, brokers, distributors and others, indicated that this movement was small, intermittent and generally for special uses.

Regional Imports of Frozen Strawberries

Nearly 80 per cent of the imported frozen strawberries are entered in the provinces of Ontario and Quebec and most of the remainder in British Columbia. Imports into the Prairie Provinces averaged about 1.5 per cent of the total in recent years and imports into the Atlantic Provinces are generally negligible, except in years when there is a crop failure in that region, as in 1970.

Most of the strawberries used for processing in eastern Canada are in the frozen form and the large proportion of the total imports entered in Ontario and Quebec reflects the relatively small supplies of frozen strawberries for processing produced in these two provinces; the relatively large imports of frozen strawberries into British Columbia suggests that local supplies are insufficient to supply the demand of manufacturers of jams, toppings, ice-cream, wine, and other processed products, in addition to the strawberries supplied for canning and for freezing in consumer packages or are sold for direct fresh use. A tabulation of imports by province or region of entry is given below.

Table 37: Imports of Frozen Strawberries by Region of Entry, 1961-71

	<u>Atlantic Provinces</u>	<u>Quebec</u>	<u>Ontario</u>	<u>Prairie Provinces</u>	<u>British Columbia</u>	<u>Canada</u>
	average per year in '000 lb.					
1961-65	2	4,718	3,886	249	1,618	10,474
1966-70	143	6,471	4,500	209	2,672	13,996
			thousand pounds			
1965	-	7,925	4,749	292	5,099	18,065
1966	26	5,394	4,138	127	2,105	11,791
1967	-	6,513	3,427	243	1,300	11,484
1968	26	5,510	4,183	137	657	10,513
1969	-	8,363	5,537	251	7,032	21,183
1970	665	6,573	5,214	287	2,267	15,007
1971	450	5,313	5,625	161	764	12,313
			per cent of Canada total			
1961-65	*	45.0	37.1	2.4	15.4	100.0
1966-70	1.0	46.2	32.2	1.5	19.1	100.0
1965	-	43.9	26.3	1.6	28.2	100.0
1966	0.2	45.7	35.1	1.1	17.9	100.0
1967	-	56.7	29.8	2.1	11.3	100.0
1968	0.2	52.4	39.8	1.3	6.2	100.0
1969	-	39.5	26.1	1.2	33.2	100.0
1970	4.4	43.8	34.7	1.9	15.1	100.0
1971	3.7	43.1	45.7	1.3	6.2	100.0

Source: Statistics Canada

The principal provinces importing frozen strawberries are Quebec, Ontario and British Columbia in that order. Imports into each of the principal provinces of entry have increased substantially during the 1960's and the largest average increases have occurred in Quebec and British Columbia, in spite of the fact that the largest decline in the use of domestic fresh strawberries for processing has been in Ontario.

To a degree, the five-year averages given in the table tend to understate the extent of the increase for Quebec and to overstate it for British Columbia; in large part this is the result of the effect of the unusually large imports in 1965 and 1969 when British Columbia production was very low. Excluding these two years, total imports of frozen strawberries show an increase of about 3.6 million pounds during the 1960's, of which about two million pounds, more than 55 per cent of the total, is accounted for by the larger imports into Quebec; imports into Ontario rose by approximately 600,000 pounds and into British Columbia by 834,000 pounds in this period. Based on the average of the two years, 1968 and 1970, current total imports of frozen strawberries appear to be about 12.8 million pounds per year; the corresponding average annual imports are 6.0 million pounds for Quebec, 4.7 million pounds for Ontario, 1.5 million pounds for British Columbia and about 0.2 million pounds for the Prairie Provinces. As noted, imports into the Atlantic Provinces are ordinarily negligible; the imports in 1970 were unusually large because of the crop failure which reduced production in this region by more than 2.5 million pounds.

As would be expected, the distribution of imports of frozen strawberries shows much less variation than imports of fresh strawberries. The bulk of the imports, about 55 per cent of the total on average, is entered in the five months April to August, inclusive; apart from the relatively small imports in December, average imports in the other months show fairly small variations.

PRICES OF STRAWBERRIES

Fresh strawberries produced in Canada are sold either for consumption in the fresh state or for processing. When they are sold for fresh use, strawberries are put up in either pint or quart boxes and are packed in cardboard cartons which contain eight or 16 quart boxes or 12 pint boxes. The cost of containers adds to the wholesale price of the berries sold for fresh use. Also, the quality of the berries packed for the fresh market is likely to be higher, on average, than of those sold to processors, and, as noted, costs of harvesting are higher for strawberries for fresh use than for those for processing. The landed cost of imported frozen strawberries tends to impose a ceiling on prices paid for Canadian strawberries for processing. Only small quantities of imported fresh strawberries are available during the domestic harvest period, at prices which are generally substantially higher than those quoted for the domestic product.

The result of the various factors involved is that average returns to growers for strawberries sold for fresh market use are higher than the returns for berries for processing and wholesale prices, which include costs of containers, commissions and other marketing costs, are very much higher. A comparison of average returns to growers is given below; the returns to growers are for the berries alone, exclusive of costs of containers.

Table 38: Average Returns to Growers from Strawberries Sold
for Fresh Use and for Processing, Canada, 1958-70

	<u>Sold to</u> <u>Processors</u>	<u>Sold for</u> <u>Fresh Use</u>	<u>Premium from</u> <u>Fresh Market Sales</u>
	cents per pound of strawberries		
1956-60	15.8	18.1	2.3
1961-65	17.0	20.8	3.8
1966-70	18.8	23.7	4.9
1964	16.4	21.0	4.6
1965	21.3	25.8	4.5
1966	18.6	23.9	5.3
1967	16.5	22.5	6.0
1968	18.8	24.6	5.8
1969	22.5	23.0	0.5
1970(a)	19.7	24.6	4.9

(a) Partly estimated

Source: Statistics Canada

It is apparent, from the table, that average returns to Canadian growers have increased substantially between the two periods, 1956 to 1960 and 1966 to 1970. Average unit returns for sales to processors have risen by 19 per cent between these two periods and returns from fresh market sales, by 31 per cent. At the same time the premium on sales for fresh use has more than doubled. Apart from

1969, which was an unusual year for strawberries in many respects, the average premium received by Canadian growers for strawberries sold for fresh use in relation to those sold to processors, has varied from 4.5 cents to 6.0 cents a pound, at the farm. Excluding 1969, the average difference in the return for fresh use relative to that for processing was 5.5 cents a pound for the period 1966 to 1970 or 30 per cent higher for strawberries sold for fresh use.

The premium received by growers for strawberries for fresh use varies both from region to region and from year to year. Generally, there appears to be a smaller premium paid in the Atlantic Provinces and Quebec than in Ontario and British Columbia; the regional premiums are shown in the table which follows. The large year to year variations are apparent from the table.

Table 39: Average Returns^(a) and Premiums Received by Growers for Strawberries Sold for Fresh Use in Relation to Sales for Processing, by Regions, 1966-70

	<u>Atlantic Provinces</u>	<u>Quebec</u>	<u>Ontario</u>	<u>British Columbia</u>	<u>Canada</u>
	average returns, 1966-70, in cents per pound				
Fresh	22.2	22.8	24.4	29.3	23.7
Proc.	18.9	18.3	17.4	18.9	18.8
	average premium in cents per pound				
1966-70	3.3	4.5	7.0	10.4	4.9
1966	0.8	10.6	5.6	7.5	5.3
1967	1.2	-	9.7	10.4	6.0
1968	2.7	8.3	8.9	8.1	5.8
1969	3.3	-	8.1	9.1	0.5
1970	12.3 ^(b)	4.6	-0.2	11.9	4.9

(a) Excluding the cost of containers

(b) Estimated

Source: Statistics Canada

The unusually high premium shown for the Atlantic Provinces, in 1970, may be a reflection of the crop failure in that province; the "negative" premium for Ontario fresh sales, in the same year, may be related to the very small quantity processed in the province, a very large part of which was probably canned, a use for which high quality berries are required.

At most times, however, it is clear that there is considerable price inducement for growers to supply the demand for fresh strawberries; this inducement represented an additional average gross return of about 25 per cent from 1966 to 1970. Although the highest prices and premiums for fresh use appear to be in British Columbia, that province's distance from large eastern population and distribution centres, such as Toronto and Montreal, and a harvest period which

corresponds to those of Ontario and Quebec, limit shipments east of Winnipeg. To compete in Toronto, for example, B.C. growers would have to accept the lower average return received by Ontario growers and would incur additional costs of freight and distribution which would reduce their returns even more. Similar circumstances would tend to limit the shipment of strawberries for fresh use from the Atlantic Provinces to Quebec and Ontario.

In Ontario, the greatly increased sales of strawberries to the fresh market reflects the high prices received by Ontario growers in recent years; sales for fresh use increased from about eight million pounds per year, in the mid-1960's, to more than 13 million pounds in 1970. The average returns to Ontario growers was 7.0 cents a pound higher from 1966 to 1970, or 40 per cent more than the average return from sales of strawberries for processing.

Strawberries for Fresh Use

In most years, the marketing of domestic fresh strawberries begins in the second week of June, in light volume, reaches a peak at the end of June and is essentially finished by the end of July.

Table 40: Domestic Strawberries: Wholesaler to Retailer
Prices for Fresh Use, at Montreal and Toronto,
by Weeks, 1969-71

<u>Month and Week</u>	<u>Montreal</u>			<u>Toronto</u>		
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
	cents per qt.(a)			cents per qt.(b)		
June : 1st	-	-	-	-	-	-
2nd	-	-	-	-	55.4	39.1
3rd	75.1 ^(b)	72.5	62.5 ^(b)	59.0	40.6	57.6
4th	67.7	48.0	62.5	43.8	39.3	40.3
July : 1st	42.2	36.0	32.3	33.3	32.5	25.9
2nd	26.7	41.7	43.8	35.0	40.3	26.6
3rd	26.7	49.7	47.5	34.4	53.4	44.8
4th	34.7	60.8	64.2	34.4	50.0	48.5
5th	41.7	-	75.0	34.4	-	-
Aug. : 1st	-	-	-	-	-	-

(a) Original quotation for 12 pts. unless otherwise specified

(b) Original quotation for 8 qts.

Source: Canada Dept. of Agriculture, Markets Information

The most common domestic retail package in the Montreal market is the pint box, packed 12 to a "tray"; in Toronto the most common domestic package is the quart box, packed eight to a tray. When packed as a 12-pint tray, the strawberries are priced from about six to nine cents more, per quart, than when they are packed in quart boxes. It should be noted that the "first" week of June, as shown in

the table, ended on June 6 in 1969, on June 5 in 1970 and June 4 in 1971 and that the designations of weeks as "second", "third" and so on, were arbitrarily assigned to the weeks which followed.

During the four-year period, 1968 to 1971, the flow of domestic strawberries to Canadian fresh markets in the third week of June averaged 351,000 pounds and, at its peak, about 10 days later, averaged over 2.5 million pounds per week, seven times the average deliveries in the third week of June. Arrivals at major markets in the last week of July averaged only 50,000 pounds, less than two per cent of the weekly peak movement to market.

The preceding table indicates that prices reflect the volume of arrivals at major markets; they are highest at the beginning and end of the harvest season and are lowest at the peak of the harvest. As the table suggests, the harvest season begins about a week earlier in Ontario than in Quebec.

The unload data indicate that, at eastern markets, arrivals of imported strawberries for fresh use virtually cease at about the time that domestic strawberries become available, but that imports continue to supply the demand in the Prairie Provinces. A large proportion of the imports for fresh use originate in California but some strawberries are also imported for this use from Michigan and New Jersey, mainly in June.

Table 41: Imported Strawberries: Wholesaler to Retailer.
Prices for Fresh Use, at Montreal and Toronto,
Selected Weeks, 1969-71

Month and Week	Montreal			Toronto		
	1969	1970	1971	1969	1970	1971
	cents per qt.(a)			cents per qt.(a)		
April: 1st	96	89	108	124	90	123
3rd	85	77	78	84	88	75
May: 1st	79	86	85	78	88	96
3rd	82	80	80	86	96	79
June: 1st	81	86	81	91	100	98
2nd	82	90	86	-	96	106
	67(b)	65(b)	72(b)	72(b)	66(b)	75(b)
3rd	89	80	86	111	88	-
	73(b)	56(b)	66(b)	-	-	110(c)
4th	-	-	86	-	-	79
	-	-	65(b)	48(c)	-	97(c)
no quotations during this period						
July: 4th	-	89	79	-	111	-
5th	-	81	83	-	106	115
Aug.: 1st	-	82	83	-	92	106
3rd	131	81	77	-	86	98

(a) Unless otherwise specified, the quotations are for California strawberries in one-pint containers

(b) New Jersey origin, original quotation for 16, one-qt. containers

(c) Michigan origin, original quotation for 8, one-qt. containers

Source: Canada Dept. of Agriculture, Markets Information

. The preceding table shows the wholesale to retail prices of imported strawberries for fresh use at Toronto and Montreal, the weeks before, during and after, the harvest period for domestic strawberries. Because California strawberries are ordinarily off eastern Canadian markets when the domestic harvest begins, the quotations shown for the month of June include New Jersey strawberries sold in Montreal and Michigan strawberries sold in Toronto. Up to the end of the first week of June and beginning again in July, all of the prices shown are for California strawberries only.

Strawberries imported from California, for fresh use, are packed almost exclusively in pint boxes; this is also the common pack for domestic fresh strawberries sold in Montreal. New Jersey strawberries are usually packed as 16, one-quart containers and those from Michigan as eight, one-quart containers. The U.S.A. currently accounts for 95 per cent or more of the strawberries imported for fresh use and California, alone, accounts for nearly two-thirds of the total imports for fresh use. Thus, if imported strawberries tended to depress prices of domestic strawberries for fresh use, this effect would have to stem almost entirely from the competition of strawberries originating in the U.S.A. and in large part from those originating in California.

A comparison of the wholesale to retail prices of domestic and California strawberries clearly shows that the California berries are priced very much higher than the domestic product and the prices at which California berries are available are likely to exert an upward pressure on prices of the domestic product. Although New Jersey and Michigan strawberries appear to be lower-priced than the California berries, in part this is a reflection of the larger, quart boxes used in these states. The wholesale prices of the imports from Michigan are usually much higher than prices of domestic strawberries, at Toronto, their principal market in Canada. In Montreal, New Jersey strawberries appear to compete mainly with offerings of early strawberries from Ontario; Montreal prices of these early domestic strawberries are usually substantially higher than at Toronto.

It is clear from the table, that imported strawberries for fresh use are not available at the two largest produce markets in Canada, during the period when the bulk of the domestic crop is marketed and the unload data indicate that only small quantities of imported strawberries would still be available for sale during the last two weeks of June when the harvest begins. The price and unload data, together, suggest that domestic strawberries displace the imports and that the seasonal decline in prices of domestic strawberries is directly related to the very rapid build-up of domestic supplies in the few weeks in which they are available.

It is of interest to note that the specific M.F.N. duty, of 1.6 cents a pound, which can be applied for a period not exceeding six weeks, during the months of April to August, inclusive, was not applied during the years 1965 to 1969, inclusive, nor in 1971; during the period April to August, when the specific rate does not apply, the M.F.N. duty is 10 p.c. As the price and unit value data indicate, the value for duty of imported fresh strawberries has generally exceeded 20 cents a pound in recent years and, therefore, the ad valorem rate of 10 p.c. often represents a substantially higher duty per pound than the specific rate.

Fresh Strawberries for Processing

A large proportion of the fresh strawberries imported for processing are entered in used 16-quart containers with a net weight of contents of about 20 pounds each. Because of the lower cost of this container relative to the cost of pint or quart boxes and cartons, the savings in the cost of packing, and the somewhat lower average quality of the berries, fresh strawberries imported for processing are cheaper than those entered for fresh market sale in retail containers. A comparison of the unit values of imported and domestic fresh strawberries for processing is given below; the unit value of the imported strawberries is their cost at processors' plants.

Table 42: Unit Values of Domestic and Imported Fresh Strawberries for Processing, 1961-70

	<u>Domestic</u>		<u>Total</u> <u>Imported</u> cents per pound	<u>Difference</u>	
	<u>B.C.</u>	<u>Canada</u>		<u>Imported</u> <u>minus B.C.</u>	<u>Imported</u> <u>minus Can.</u>
1961	15.3	16.0	15.5	0.2	-0.5
1962	16.2	16.2	17.6	1.4	1.4
1963	16.4	17.2	17.0	0.6	-0.2
1964	15.5	16.4	21.1	5.6	4.7
1965	26.0	21.3	23.9	-2.1	2.6
1966	18.7	18.6	22.0	3.3	3.4
1967	16.1	16.5	17.9	1.8	1.4
1968	19.0	18.8	22.2	3.2	3.4
1969	25.7	22.5	23.2	-2.5	0.7
1970	20.0	19.7	20.4	0.4	0.7

Source: Statistics Canada

In most years, the landed cost of imported fresh strawberries for processing is higher than the prices paid by processors for domestic berries. In 1965 and 1969, B.C. prices were unusually high because of frost damage to the crop and costs of imported strawberries were lower than the prices paid for the local product. British Columbia processors said they ordinarily paid two cents a pound more for local strawberries than the price paid by U.S. processors in Washington and Oregon; the two cents were said to be slightly more than the cost of importing strawberries from these states, inclusive of duty. It is apparent, from the table, that the unit values of both domestic and imported strawberries for processing have been substantially higher since about the mid-1960's, than previously.

Imports of fresh strawberries for processing varied from 1.1 to 2.7 million pounds annually; in recent years, compared with the 15 to 18 million pounds of domestic strawberries used annually for processing. The imported fresh strawberries constitute a small part of the total requirements of processors. The small volume and the generally higher costs, suggest that fresh strawberries are imported for processing to supplement domestic supplies.

Effect of Imported Frozen Strawberries on Prices

There are no published prices for either domestic or imported frozen strawberries sold in Canada and, although the landed cost of imported frozen strawberries can be calculated from the published statistics, no data are available for the calculation of comparable figures for domestic frozen strawberries.

Most of the frozen strawberries which are imported are 4 + 1, whole strawberries packed in 30-pound containers. In recent years, from 75 to 94 per cent of the total imports have been from Mexico, with the U.S.A. and Poland being the only other suppliers of significance. Mexican frozen strawberries may be purchased through Canadian brokers or from brokers or agents located in the U.S.A.; quotations are usually f.o.b. Laredo, Texas. Although the product is shipped in railway cars of various capacities, a frequent size of shipment consists of about 4,000 30-pound pails. The weight of each filled container is 32 pounds and consequently the total weight of 4,000 such pails is 128,000 pounds. Individual shipments have been as small as 18,000 pounds or less, but a large part of the total movement is in shipments of more than 75,000 pounds of frozen strawberries.

Frozen strawberries have been dutiable at two cents a pound, M.F.N., since 1948. An importer in Ontario or Quebec would incur additional costs of approximately three cents a pound, for freight, brokerage and other minor expenses. Thus, the landed cost of Mexican frozen strawberries, to an importer in central Canada, would be about five cents more per pound than their value for duty. The additional cost to an importer in British Columbia would be about 4.5 cents a pound, because of the lower costs of freight from Laredo to Vancouver. Although the M.F.N. duty has remained unchanged since 1948, other costs have risen over time. However, during the past decade, these other costs would have increased by only a relatively small amount when calculated as a cost per pound of frozen strawberries.

The unit values of imported frozen strawberries are given in the following table; it is important to note that these are the values for duty in the respective countries of origin and exclude such costs as duty, freight and brokerage.

Table 43: Unit Value of Imported Frozen Strawberries,
by Principal Country of Origin, 1961-71

	<u>Mexico</u>	<u>Poland</u>	<u>U.S.A.</u>	<u>Total Imports</u>
	value for duty in ¢ per lb. of product			
1956-60	15.2	(a)	21.3	19.5
1961-65	18.1	16.5	23.1	19.0
1966-70	19.0	17.8	23.1	19.3
1965	19.4	17.5	26.9	20.2
1966	20.9	18.6	32.3	21.5
1967	17.8	19.2	23.4	18.1
1968	19.5	18.7	21.5	19.6
1969	19.3	14.7	21.1	19.4
1970	17.8	17.3	21.6	18.1
1971	16.3	17.4	21.1	16.8

(a) Small quantities imported in only two of the five years

Source: S.C., cat. no. 65-007

There appears to have been no significant change in the average unit value of total imports during the past 15 years, although fluctuations from year to year and differences between countries varied substantially. The highest unit values are for frozen strawberries originating in the U.S.A. which, in some years, may include consumer packages packed for Canadian freezers and distributors, in addition to the bulk pack. The lower costs of freight to Canadian destinations would probably be taken into account by a U.S. shipper competing with Mexican strawberries shipped from Laredo.

Adding 4.5 to 5.0 cents a pound to the average value of imports between 1966 and 1970, indicates that Canadian producers of bulk pack, frozen strawberries have had to compete with imported frozen strawberries whose landed cost, inclusive of duty, averaged from 23.8 cents to 24.3 cents a pound. During the past five years, 1967 to 1971, the average unit value for duty of imports from Mexico has varied from a high of 19.5 cents a pound, in 1968, to a low of 16.3 cents a pound, during 1971. Most of the imports from Mexico were entered in Ontario and Quebec and, therefore, imported, bulk-frozen strawberries would have been landed, in 1968, at an average cost of about 24.5 cents a pound and, in 1971, of 21.3 cents a pound.

Canadian freezers who produce the 30-pound bulk pack enjoy certain advantages in competition with the imported product. For example, they can supply frozen strawberries on short notice; the quality of their product is known to buyers; conditions of sale, financing and delivery can be flexible; and individual purchases need not involve quantities as large as 75,000 to 130,000 or more pounds of frozen product, for which storage must be provided on delivery. These factors and other services which domestic freezers may perform, probably make them the preferred suppliers and may allow them some advantage in prices. However, the landed cost of imports tends to limit the maximum price which they can charge for their product. Thus, the calculated landed costs of imported frozen strawberries give an approximation of the average prices of the domestic product, although they may be somewhat lower than the actual average prices.

In the following table, 4.5 cents a pound have been added to the value for duty of frozen strawberries entered in British Columbia and 5.0 cents a pound to those entered in the other provinces shown, to compute the approximate landed cost of these imports. During the period 1966 to 1970, 82 per cent of the total Canadian imports were from Mexico, so the average values shown mainly reflect the cost of Mexican frozen strawberries. As noted, most imports are of 4 + 1, whole strawberries in 30-pound containers and the calculated unit costs would, therefore, represent this pack, mainly. To avoid the distortion which 1969 would introduce, this year has been excluded from the averages given in the table, but is shown in the detailed data.

Table 44: Estimated Landed Unit Cost of Frozen Strawberries
Entered in British Columbia, Ontario and Quebec,
1966-71

	<u>British Columbia</u>	<u>Ontario</u> av. per year	<u>Quebec</u>
<u>Av. imports 1966-70(a)</u>			
'000 lb.	1,582	4,241	5,998
\$'000, landed(b)	382	1,041	1,443
¢ per lb., landed(b)	24.1	24.5	24.1
	landed cost, ¢ per lb.(a)		
1966	24.8	27.5	26.4
1967	22.8	23.4	22.9
1968	23.8	24.9	24.3
1969	22.6	24.4	25.4
1970	24.5	22.8	23.0
1971	26.1	21.7	21.1

(a) Excluding 1969

(b) 4.5¢ per lb. added to unit value of imports entered in B.C. and
5.0¢ per lb. added for Ontario and Quebec

Source: Derived from Statistics Canada data

The average landed cost per pound of frozen strawberries, for the period 1966 to 1970 was similar for all three provinces but, as the annual data indicate, differences between years and provinces showed more variation. Landed costs declined in both Ontario and Quebec in 1970 and 1971; they rose in British Columbia in both years.

Given the landed cost of imports, a Canadian processor could apply his own average costs to determine the price he would be prepared to pay for fresh strawberries for freezing. An alternative approach is to establish the average relationship, or margin, between the approximate landed cost of frozen strawberries and the prices paid to growers by Canadian freezing plants. This "processors' margin" can be readily calculated by subtracting the value of the appropriate quantity of domestic strawberries used in a particular pack, from the landed cost of frozen strawberries. For example, the average landed cost of the frozen strawberries entered in British Columbia, in 1970, was 24.5 cents a pound and the price paid to growers, in that year, for strawberries for processing, was 20.0 cents a pound. From this it is evident that the landed cost of 30 pounds of the imported frozen product was \$7.35 and that the 24 pounds of strawberries contained in 30 pounds of the 4 + 1 pack, if purchased from B.C. growers, would cost \$4.80. By subtraction, the processor's margin in this illustration is $\$7.35 - 4.80 = \2.55 per 30 pounds of 4 + 1 product, or 8.5 cents a pound. This margin would be the total amount available to cover the costs of sugar, containers and other materials as well as other variable costs, overhead and profit.

The processors' margin was calculated as above for the period 1966 to 1970 and is presented in the following table. The 1966 to 1970 averages, shown in the table, exclude 1969 in one calculation but, for purposes of comparison, include it in the other.

Table 45: Processors' Margin on Frozen, 4 + 1, Whole Strawberries, Selected Provinces, 1966-70

	British Columbia	Ontario	Quebec
	cents per lb. of product		
<u>Av. 1966-70</u>			
excluding 1969	9.4	10.3	9.9
including 1969	8.3	10.6	9.8
1966	9.9	13.2	14.8
1967	9.9	11.6	5.0
1968	8.6	11.2	11.5
1969	2.0	11.3	9.5
1970	8.5	3.7	8.3
1971	12.9	..	10.7

Source: Derived from Statistics Canada data

The margin, as calculated above, would cover all variable and fixed costs, as well as profits. The average margin shown in the table is lowest for British Columbia and highest for Ontario, but the range is fairly narrow, at approximately one or two cents per pound of product. In British Columbia this margin varied between approximately 8.5 to 10.0 cents a pound, except for 1969 when severe frost damage and shortages of supplies resulted in a price to growers of 25.7 cents a pound compared with the 19.0 cents paid in the previous year; it was also lower than average, in 1971, when calculated on imports entered before the surtax was applied, but higher than average when calculated on total imports during the year.

The processors' margin is generally larger in Ontario than in the other two provinces but represents only small quantities of domestic strawberries frozen in this period. The margins in both 1966 and 1967, in Quebec, deviated substantially from the average because of an unusually low price to growers in 1966, and an unusually high price in 1967. The data in the table suggest that the average processors' margin relative to the landed costs of imported frozen strawberries, is about 8.5 to 10.0 cents a pound in British Columbia depending on whether years of crop failure are included, about ten cents a pound in Quebec and about 10.5 cents a pound in Ontario.

The average processors' margins shown in the table apply to the 30-pound pack of 4 + 1 whole strawberries and would be different for other frozen products. For example, some imported strawberries are entered as a 27 + 1 pack for which the calculated B.C. processors' margin would have been 5.2 cents a pound, in 1970, compared with 8.5 cents for the 4 + 1, bulk pack. The difference, of 99 cents per 30-pound container, reflects the larger quantity of relatively expensive

berries required and would be only partly offset by the savings of about 40 cents per container because of the smaller amount of sugar used. However, in so far as the bulk of the imports consists of 4 + 1, whole berries in 30-pound containers, the processors' margins are a useful approximation of Canadian processors' costs, inclusive of overhead and profit, but excluding the cost of strawberries.

In this context it should also be noted that the import data, from which the approximate landed costs were calculated, included considerable amounts of sort-outs in some recent years. Information available to the Board suggests that sort-outs may account for six to more than ten per cent of total imports in some periods; their value for duty appears to be about four to five cents a pound less than the value for duty of strawberries graded "B" by U.S.D.A. standards, which represent most of the imports. It is impossible to isolate these lower-cost imports from the totals published; their inclusion in the total tends to make the calculated average landed costs of imports lower than it would otherwise be and to reduce the processors' margin, shown in table 45.

Thus, on the one hand, the calculations tend to overstate the landed cost of imports, because of the inclusion of some higher-priced products such as I.Q.F. bulk pack and, in some years, consumer packages and, therefore, to make the processors' margin appear larger than it is. On the other hand this overstatement tends to be offset by the inclusion of lower-priced sort-outs in the import statistics, whose effect is to lower the calculated landed cost and to reduce the size of the margin.

It is important to note that, in British Columbia, where most of the Canadian production of frozen strawberries occurs, more than one-half of processors' acquirements of fresh strawberries, in 1971, was packed either in frozen consumer packages or in cans, both of which are relatively high-priced products and neither of which is imported in significant amounts. As a result, the price which British Columbia processors would be prepared to pay for strawberries may be higher because of the kind of pack for which the fruit is largely used, than if their principal frozen product was the 4 + 1 pack, in 30-pound containers. This is suggested in the following tabulation, using the average B.C. processors' margin between 1966 and 1970 (exclusive of 1969), as the approximate cost of putting up the 4 + 1 pack in 30-pound containers, excluding strawberries.

	Landed cost of imports \$/30 lb.	Processors' margin \$/30 lb.	Available for contained berries		Actual return to growers ¢/lb.
			Total(b) \$/30 lb.	Per lb.(c) ¢/lb.	
Av. 1966-70(a)	7.19	2.85	4.34	18.1	18.4
1966	7.44	2.85	4.59	19.1	18.7
1967	6.84	2.85	3.99	16.6	16.1
1968	7.14	2.85	4.29	17.9	19.0
1969	6.78	2.85	3.93	16.4	25.7
1970	7.35	2.85	4.50	18.8	20.0
1971	7.83	2.85	4.98	20.8	16.5

(a) Average 1966-70, excluding 1969

(b) Column 1 minus column 2

(c) Based on 24 pounds of berries per 30 pounds of frozen product

INDUSTRY TRENDS AND COMPETITIVE FACTORS

Current Canadian consumption of strawberries, in all forms, is about 71 million pounds per year, valued at about \$18 million; the retail value of the fresh berries and the processed strawberry products, represented by the 71 million pounds, would exceed \$40 million, annually. Canadian consumption has risen by about 25 million pounds, or more than 50 per cent, during the past fifteen years, a much higher rate of increase than that in the Canadian population.

Based on the trends noted above it is reasonable to assume that the Canadian market for strawberries, in all forms, will continue to expand in the future. At the least, the rate of growth of the Canadian demand is likely to keep pace with the rate of growth of population. If the market were to expand at the same rate as during the period 1956 to 1971, the Canadian demand for strawberries for all uses would be for approximately 85 million pounds in 1980.

In the late 1960's, consumption of fresh strawberries, per person, was larger than in the decade which preceded. This change appears to have been related mainly to the increasing volume of domestic strawberries available in this period for fresh use; per capita consumption of the much higher-priced imported berries for fresh use declined in this period.

The introduction of later-maturing varieties which would allow the further substitution of lower-priced domestic strawberries for imports during the latter part of July and, possibly early August, would probably contribute to an additional increase in per capita consumption. Also, a greater variety of processed strawberry products have been introduced to the Canadian public in recent years, including frozen strawberry pies, strawberry yogurt and others. If such processed products become more widely accepted, per capita consumption of processed strawberry products would increase.

Until recently almost all imports of fresh strawberries were from the U.S.A. but increasing amounts have been imported from Mexico, since 1965. Almost all of the Mexican fresh strawberries are entered between December and March, three months before the Canadian harvest, at prices which are comparable with those of the California berries with which they compete. Strawberries for fresh use are entered mainly when domestic berries are not available and are normally much higher-priced than domestic fresh strawberries. They are important to Canadian consumers because they are available during the winter and also in the early spring, before local berries are mature.

From the foregoing, it thus appears that Canadian growers have an assured market for the approximately 26 million pounds of strawberries which they sell currently for fresh use. This market should continue to expand at least at the same rate as Canada's population. However, the prospects appear to be good for a somewhat more rapid rate of expansion. If recent trends continue, the demand for domestic strawberries for fresh use could reach 37 million pounds by 1980; this projection takes into account additional sales of late strawberries in the north central and northeastern states.

An increased domestic demand for strawberries for fresh use would benefit growers in Quebec and Ontario, mainly. These two provinces, together, now account for about 75 per cent of the reported sales of Canadian strawberries for fresh use. Apart from British Columbia, this region has the highest rate of population growth and, of course, the largest population base to which the rate of increase would apply. Increased sales of late-maturing varieties in the U.S.A. would benefit growers in all of eastern Canada. The major growing areas in all eastern provinces are relatively close to U.S. markets of substantial size and shipments of strawberries for fresh use from this region to the U.S.A. have been increasing in recent years.

During the past 15 years, Canadian production of strawberries rose by about 20 million pounds, imports by some seven million pounds and exports by two million pounds. Thus, Canadian production has supplied a large part of the increased domestic demand for strawberries and imports which supplied 47 per cent of the market demand in the late 1950's now supply approximately 41 per cent. The introduction and wide acceptance of improved varieties and virus-free planting stock appear to have been largely responsible for the increase in production.

A number of other factors affecting production appear to have been operative during the late 1950's and early 1960's. Canadian consumption of both fresh and frozen strawberries was increasing, the largest increases occurring in Ontario and Quebec where about two-thirds of the population is located. At the same time competition from Mexican bulk pack frozen strawberries was expanding rapidly; simultaneously, the average price premium to growers for sales to the fresh market was also increasing.

Thus, in Ontario and Quebec, the widespread introduction of the Redcoat variety, an apparently less desirable variety for processing, coincided with an increased total demand for strawberries, a widening margin between returns to growers from sales for fresh use relative to returns from sales for processing, and greater competition from imported frozen strawberries. The combined effect of these various factors was that a growing proportion of the production in Ontario and Quebec was directed to the fresh market and central Canadian users of the bulk pack frozen strawberries became increasingly dependent on imports for their requirements. In addition, jam manufacturers and others who used domestic fresh strawberries in their production, or froze them for later use, faced with a choice between imported frozen strawberries and domestic strawberries which were somewhat difficult to hull and whose supplies were variable because of the strong attraction of the returns from fresh market sales, turned to the imported frozen product. This situation would also apply, generally, to the Atlantic Provinces.

However, although larger proportions of the crops of eastern provinces were being sold for fresh use, only in Ontario was there a decline in the actual quantities sold to processors; sales of Ontario strawberries to processors declined from nearly four million pounds in 1958, to about 200,000 pounds in 1970. Sales of strawberries for processing changed very little in the other eastern provinces in spite of large increases in the consumption and production of processed strawberry products.

While eastern Canadian growers were losing a market for about three million pounds of processing strawberries per year, their sales of strawberries to the fresh market were increasing by some 12 million pounds. Ontario growers appear to have benefited most from this expansion and their sales for fresh use increased from about 6.5 million pounds at the beginning of the 1960's to approximately 13.5 million pounds in 1970. Sales to the fresh market also increased in Quebec and the Atlantic Provinces and, because returns to growers were higher from fresh market sales, their returns at the farm rose even more.

In this period, imports of fresh strawberries into eastern Canada, mainly Quebec and Ontario, were essentially unchanged and the total increase in fresh market sales was supplied by domestic strawberries. In the early 1960's, imports into eastern Canada constituted 69 per cent of fresh market sales; in the late 1960's they were only 43 per cent of the total.

Table 46: Unloads and Prices of Domestic and Imported Strawberries for Fresh Use, at Major Eastern Canadian Markets, 1971

Month and Week	Unloads			Prices			
				Domestic at:		Imported at:	
	Domestic	Imported	Total	Montreal	Toronto	Montreal	Toronto
	'000 lb.			cents per quart			
<u>June:</u>							
1st	—	594	594	—	—	77-81	98
2nd	—	684	684	—	39	72-86	75-106
3rd	180	504	684	63	58	66-86	110
4th	1,530	144	1,674	63	40	65-86	79-97
<u>July:</u>							
1st	2,862	—	2,862	32	26	—	—
2nd	2,466	—	2,466	44	27	—	—
3rd	1,026	—	1,026	48	45	—	—
4th	360	18	378	64	49	79	—
5th	72	90	162	75	—	83	115
<u>Aug.:</u>							
1st	—	108	108	—	—	83	106
2nd	—	18	18	—	—	77	98

Source: Canada Dept. of Agriculture, Markets Information Section

Table 46 relates to 1971, a fairly typical year, and shows the relationships between arrivals and prices of imported and domestic strawberries for fresh use at major eastern produce markets.

It is evident from the table that the prices of imported strawberries were substantially higher than those of domestic strawberries in those weeks in which both were reported. It is also evident that imported strawberries are displaced by domestic strawberries when the latter become available in substantial quantities.

No similar analysis was undertaken for British Columbia or the Atlantic Provinces because of insufficient data. However, the comparisons which could be made, in the occasional weeks when both domestic and imported fresh strawberries were reported, gave results similar to those in the table above.

As the preceding table indicates, prices of Canadian strawberries are highest in June and again towards the end of July. Although it may be difficult to develop a variety which matures earlier than those which are now widely used, some of the varieties listed in the briefs mature later than the Redcoat. The unload and price data in the table lends support to the earlier statement that there is a considerable market in Canada and, perhaps also in the north central and northeastern states, in the last weeks of July and in early August.

Developments in British Columbia, in the late 1950's and early 1960's, were very different. The Northwest variety, which was then becoming increasingly dominant, was suitable for both fresh use and processing but the maximum size of the fresh-use market, available to British Columbia growers, was limited to British Columbia and, to some minor extent, also the Prairie Provinces. The harvest season in British Columbia corresponds roughly with that of Ontario and Quebec and had British Columbia berries been shipped to the major markets in central Canada they would have had to compete with the locally-grown strawberries of the central provinces and would have incurred additional costs of freight, sales commissions and other marketing services, which, in total, would have amounted to five cents or more, per pound of strawberries. In the period, 1966 to 1970, for example, British Columbia growers would have netted an average of about 19.4 cents a pound for fresh market strawberries sold in Ontario, only 0.5 cent per pound more than their average return from strawberries sold for processing, if they had shipped fresh strawberries to Toronto.

Although some British Columbia strawberries are shipped to the Prairie Provinces, the reported movement is small. Both the import and unload statistics indicate that the Prairie Provinces depend largely on imports from the U.S.A. for their supplies of strawberries for fresh use; this is so even at the peak of the harvest seasons in British Columbia and Ontario. Moreover, the population of the Prairie Provinces, as a region, is relatively static and would provide little scope for significant increases in the demand for British Columbia strawberries for fresh use.

Thus, the growth of the British Columbia strawberry growing industry depends upon increased sales of processed strawberry products in central Canada and the consequent demand for strawberries for processing. It is conceivable, however, that British Columbia processors might continue to produce manufactured strawberry products at a reduced level of output, using imported frozen strawberries, as is now done in Ontario and Quebec. Such a development would have an adverse effect on grower prices and would reduce the production and processing of strawberries in that province.

It is also conceivable that the development of a higher-yielding, more easily hulled strawberry variety, suited to central Canadian growing conditions, might result in some shift of freezing and canning operations from British Columbia to Ontario and Quebec,

where a large part of the demand for the end-products exists, or to the Atlantic Provinces which have favourable growing conditions and lower costs of labour. However, it is probable that whatever varietal or technical improvements are made in the near future, they are as likely to benefit British Columbia as other regions, leaving existing regional advantages essentially unchanged.

The principal processed strawberry products manufactured in British Columbia are frozen strawberries, jams and canned strawberries. Both domestic and imported, fresh and frozen strawberries are used in the manufacture of these products. A large part of the imported frozen strawberries is probably used for the manufacture of jams; however, during most of the early 1960's, the quantities imported indicate that significant amounts were also used by institutions and in the production of products such as ice-cream. In years of crop failure, such as 1965 and 1969, the imports of strawberries are very large. The following table shows the estimated average distribution of strawberries for processing in British Columbia. Two sets of averages are given in the table: the first applies to all of the years in the two five-year periods, 1961 to 1965 and 1966 to 1970; the second excludes the years 1965 and 1969 from the averages in order to allow comparisons of the effect of the years of crop failure on the use of domestic and imported strawberries and on the production of the principal groups of products.

Table 47: Estimated Distribution of Strawberries Used for Processing in British Columbia, by Origin and Principal Products, 1961-65 and 1966-70

Used for Processing	(Including 1965 & 1969)			(Excluding 1965 & 1969)		
	1961-65	1966-70	Change	1961-65	1966-70	Change
	'000 lb. of fruit	'000 lb. of fruit		'000 lb. of fruit	'000 lb. of fruit	
Imported: fresh(a)	3,546	1,060	-2,486	3,734	459	-3,275
frozen(a)	1,310	2,164	+ 854	605	1,282	+ 677
total	4,857	3,224	-1,633	4,339	1,741	-2,598
Domestic	7,464	12,725	+5,261	8,708	14,932	+6,224
Total for proc.	12,321	15,949	+3,628	13,047	16,673	+3,626
<u>Principal Products</u>						
Frozen	8,528	11,232	+2,704	9,448	12,523	+3,075
Canned	1,216	1,593	+ 377	1,332	1,709	+ 377
Frozen + canned	9,744	12,825	+3,081	10,780	14,232	+3,452
Other(b)	2,577	3,124	+ 548	2,267	2,441	+ 174
	12,321	15,949	+3,628	13,047	16,673	+3,626

(a) Partly estimated

(b) Mainly jams, but also includes use for ice-cream, pastry, wine and other products

Source: Various Statistics Canada and provincial data

The averages which exclude the two years of crop failure are more representative of the usual practices of British Columbia processors; in years of crop failure, processors are forced to devise methods of keeping their plants in operation which they would not ordinarily follow in normal crop years. For example, in 1965, the crop failure extended into the states of Washington and Oregon and supplies of fresh strawberries were not available from these nearby states. As a result, imports of fresh strawberries into British Columbia for processing actually declined by about two million pounds from 1964 and the increase in imports of frozen strawberries, of 3.7 million pounds, was exceptionally large to compensate for the lack of fresh berries. In contrast, in 1969, imports into British Columbia of both fresh and frozen strawberries increased sharply. Because of the distortions which they introduce, the averages to which references are made in the following exclude 1965 and 1969 unless specified otherwise.

Whichever set of averages is used, it is evident that the demand for strawberries for processing has increased substantially during the 1960's and that British Columbia berries have not only supplied the total increase, but have displaced a large part of the imports. During the period 1961 to 1965, estimated imports were one-third of the total strawberries used for processing in British Columbia; in the period 1966 to 1970, imports were only 10 per cent of the total. However, although average estimated annual imports for processing declined by 2.6 million pounds during the decade, imports of fresh strawberries for processing decreased by 3.3 million pounds while imports of frozen berries increased by 0.7 million pounds and were about eight per cent of the estimated total use for processing.

Fresh strawberries are used for canning and freezing when they are available and the large imports of fresh strawberries, 1961 to 1965, suggest a lack of sufficient British Columbia berries for these purposes. In that period, the average annual production of canned and frozen products was equivalent to 10.8 million pounds of berries but provincial growers sold an average of only 8.7 million pounds per year to processors, 2.1 million pounds less than was required for these uses. The average estimated imports of 3.7 million pounds per year provided for this deficiency and for an additional 1.6 million pounds which would reflect the use of fresh strawberries mainly for the production of jam.

In the following five years, 1966 to 1970, sales of domestic strawberries to processors increased by 6.2 million pounds, or more than 70 per cent. The result of this increase is apparent from the table: domestic supplies displaced 3.3 million pounds of fresh strawberries which had formerly been imported and accounted for almost all of the substantial increase in the total demand for strawberries for processing. In that period, canners and freezers used an average of 14.2 million pounds of strawberries per year; the available domestic supplies averaged 14.9 million pounds per year, more than enough to provide for their requirements.

From the above it seems clear that, during the past decade, fresh strawberries for processing have been imported into British Columbia mainly to supplement local supplies. Although large supplies of U.S. strawberries are available only a short distance from British Columbia processors' plants, in the State of Washington and additional

supplies are available in Oregon, the increased production of British Columbia growers resulted in a reduction of average annual imports of fresh strawberries for processing from an estimated 3.7 million pounds, 1961 to 1965, to less than one-half million pounds, 1966 to 1970.

The available evidence indicates that fresh strawberries from California and Mexico cannot ordinarily compete with fresh strawberries for processing grown in British Columbia. Costs of transportation, duty and brokerage would add about four cents a pound to the value for duty of these berries, and about two cents per pound to imports originating in the nearby areas of the State of Washington. Moreover, strawberries are harvested at a later stage of maturity when intended for processing than for fresh use and are more likely to be damaged when shipped long distances in the large containers which are customarily used for the transportation of processing strawberries.

No statistics are available regarding the size of container in which imports of frozen strawberries from Mexico, the principal foreign supplier of the Canadian market, are packed but a submission to the U.S. Tariff Commission stated that 95 per cent of the imports into the U.S.A. was in 30-pound containers. The information given to the Board suggested that as large a proportion of Canadian imports from Mexico is in this size of container; indeed, no other size of container was mentioned during the public hearing or in many interviews.

Frozen strawberries, imported in 30-pound containers, can be used for the production of jams, toppings, ice-cream, bakery and other products and for more direct use in a variety of desserts, in restaurants and institutions. In addition, such imports can be re-processed or re-packed in consumer packages. In British Columbia, imported frozen strawberries might compete with domestic fresh or frozen strawberries in all of these applications.

However, frozen strawberries have been entered in British Columbia in relatively small quantities, except for years of crop failure. Excluding these years, annual imports into British Columbia, during the period 1961 to 1965, averaged 605,000 pounds, less than five per cent of the estimated total quantity used in the province for processing and institutional use and, in the period 1966 to 1970, less than eight per cent of the total.

To a considerable extent, the 30-pound pack imported into British Columbia would compete with strawberries frozen in 425-pound drums and not with locally-produced, 30-pound tins. Large amounts of frozen strawberries intended for re-processing, for example by jam manufacturers, are packed as 4 + 1, whole berries, in these drums. Per pound of product, these re-usable drums were said to cost slightly less than one cent a pound; the cost of the 30-pound tin is about 2.4 cents per pound of product giving British Columbia processors an advantage of approximately 1.5 cents per pound of product. Moreover, each drum's contents are equal to about fourteen 30-pound tins and this may have some effect in reducing the costs of labour and handling, per pound of product.

When added to the existing protection of approximately 4.5 cents a pound arising out of the costs of duty, freight, brokerage and handling, the difference in costs of containers results in a total protection of about six cents per pound of product. As a percentage of the average value for duty of Canadian imports from Mexico, the six cents varied from a low of 28.7 per cent to a high of 33.7 per cent, during the period 1966 to 1970. The approximately six cents advantage, or even the 4.5 cents protection of the sum of the duty, freight and brokerage, in conjunction with the convenience and advantages of purchasing from local suppliers, apparently is sufficient to reserve almost all of the British Columbia market to the province.

However, the principal market for the frozen and canned strawberries produced in British Columbia is not in British Columbia but in central Canada and it is there where the province's output would be most exposed to the competition of imports.

Table 47 indicates that frozen strawberries account for about 75 per cent of the total output of British Columbia processors, canned strawberries for 10 per cent and other products for 15 per cent. However, some of the strawberries included in the 75 per cent are frozen in order to preserve them for use later in the year for the manufacture of jams, other products or for institutional use. Thus, in terms of end-products, the quantities which are frozen are overstated in the table and the quantities used for 'other' products are understated.

Canadian production of frozen strawberries packed in containers of over one pound to 30 pounds averaged 2.7 million pounds per year, between 1961 and 1965 (excluding 1965) and 2.9 million pounds per year during the period 1966 to 1970 (excluding 1969). These quantities included sliced and whole 4 + 1 strawberries packed in 20-ounce and two-pound packages and I.Q.F. strawberries with and without sugar packed mainly in two-pound consumer packages. In addition, the 2.7 to 2.9 million pounds also included some frozen strawberries packed in 10-pound and 20-pound containers, for institutional use. Even if the various frozen products packed in consumer containers exceeding one pound in weight were only ten per cent of the total packed in consumer packages, they would have accounted for an average of 0.7 million pounds annually, in each period; if some additional allowance is made for the institutional packages included, the maximum amount that might have been packed in 30-pound containers, in Canada, would appear to have averaged less than two million pounds per year, during the 1960's.

During the two four-year periods, 1961 to 1965 (excluding 1965) and 1966 to 1970 (excluding 1969), British Columbia accounted for 80 per cent and 91 per cent, respectively, of the total Canadian production of frozen strawberries. Based on these percentages and the above estimates, the maximum average pack in 30-pound pails, in British Columbia, would not have exceeded 1.5 million pounds per year in the early 1960's nor 1.8 million pounds per year, in recent years. If 1965 and 1969, the years of crop failure, are included, the corresponding maxima for 30-pound containers packed in British Columbia would be 1.3 million pounds in the early 1960's and 1.6 million pounds in the late 1960's. Taking into account that part of the 30-pound pack would be used within the province and that some would be sold in the Prairie

Provinces, at most, from 1.25 to 1.50 million pounds may have been available for shipment to central Canada.

In central Canada, these strawberries would have been exposed to the competition from Mexican frozen strawberries. In earlier calculations it was assumed that the landed cost of the Mexican product would be the approximate price of the British Columbia bulk pack sold in this region; this assumption is examined in more detail, below.

A large part of the imports of Mexican frozen strawberries is entered in railway cars which contain from about 2,500 to 4,000 30-pound containers or between 75,000 and 120,000 pounds of frozen strawberries. To a manufacturer of pectin jams, such quantities of frozen strawberries represent from 234,000 to 375,000 pounds of jam; to a manufacturer of compound jams, they represent from 500,000 to 800,000 pounds of jam; jam manufacturers are probably the largest individual users of frozen strawberries. The above figures indicate that very few manufacturers of jams, hardly any manufacturers of ice-cream or pastry products, and probably no restaurants, hospitals or other institutions would be able to use the quantity of frozen strawberries contained in even one large carload of 120,000 pounds, in a reasonable period of time.

Purchasers of frozen strawberries, in smaller quantities, would include some whose requirements could be met by rail shipments of 60,000 pounds or less, some whose needs could be supplied by a truck-trailer load, some who required no more than about 100 to 300 containers at one time and others whose purchases, at any one time, would be less than 100 containers and might be as few as five or ten containers. The unit cost of freight would be considerably higher for imports shipped in smaller lots, by rail or truck, but importation might still be economical for a user who could handle quantities of around 20,000 pounds or more, at one time. However, institutions and others, whose periodic purchases involve smaller amounts, would generally purchase their supplies from Canadian distributors. Thus, the landed costs of the imports given in previous tables would be representative of the purchases of large quantities by a fairly small number of users; other users would purchase frozen strawberries in relatively small lots from distributors.

It is the users who would ordinarily purchase from distributors who would be the most likely buyers of the British Columbia bulk pack. The estimated average shipments from British Columbia to central Canada would, at a maximum, be of the order of 1.25 to 1.50 million pounds of bulk pack frozen strawberries per year and would include whole and sliced berries, packed with and without sugar, as 4 + 1 and I.Q.F., all of which might be available in both Choice and Fancy grades. Taking into account that individual British Columbia processors tend to be represented by exclusive agents in the central Canadian market, the variety of products which might be offered for sale, and the relatively small quantities that would be available for sale, it is probable that most sales of British Columbia bulk pack strawberries in central Canada would be in fairly small lots. The estimated maximum of 1.25 to 1.50 million pounds, given above, represented from 10 to 12 per cent of the average total use of bulk pack frozen strawberries in central Canada, in the period 1966 to 1970.

The importers who distribute the Mexican frozen strawberries in smaller lots would incur costs for storage, financing, handling and other services and would provide for these and profit in a mark-up on their landed cost. Thus, the prices of imported frozen strawberries with which the comparable British Columbia products would compete would be the landed cost, plus this importer-distributor's mark-up.

There are no published prices for either domestic or imported frozen strawberries in 30-pound containers. However, occasional price lists issued by some distributors suggest a mark-up on imports of from three to six cents per pound of frozen strawberries, when sold in lots of 100 to 500 30-pound containers. Prices of British Columbia frozen strawberries, in 30-pound containers, appear to be a few cents higher, per pound, than the corresponding grades of the Mexican product but the data were insufficient to warrant such a conclusion.

The effect on returns to British Columbia processors of the prices at which imported frozen strawberries are sold in central Canada is suggested by the following calculations.

	<u>1970</u>	<u>1971</u>
	\$ per 30 lb.	
<u>Costs of B.C. processors, 30 lb., 4 + 1</u>		
Container(a)	.72	.72
Sugar, 6 lb.	.54	.58
Labour(a)	.36	.36
Other misc. costs(a)	.49	.49
Overhead(a)	<u>1.16</u>	<u>1.16</u>
Total excluding berries	3.27	3.31
Freight to Toronto	<u>.96</u>	<u>.96</u>
Cost delivered in Toronto, excl. berries	4.23	4.27
Est. selling price of Mexican pack at Toronto, in small lots(b)	8.07	7.74
Less est. cost of B.C. pack, excl. berries	<u>4.23</u>	<u>4.27</u>
Net available for contained berries, 24 lb.	3.84	3.47
	cents per lb.	
Net available per lb. of contained berries	16.0	14.5
Paid by processors for strawberries	20.0	16.5

(a) From British Columbia growers' brief

(b) Estimated landed cost plus 4.5 cents per lb. mark-up

If the average costs given in the British Columbia growers' brief are accepted, British Columbia processors would have incurred losses per 30-pound container of 96 cents and 49 cents, respectively, on their shipments to central Canada, in 1970 and 1971; other data submitted to the Board by processors suggest that the costs of overhead given in the brief may be high. Also, the imported frozen pack would be equivalent to the "Canada Choice" grade and the unit value of the fresh strawberries in the calculation may be overstated. The 96 cent loss in 1970 is equivalent to 3.2 cents per pound of product and the 49 cent loss, in 1971, to 1.6 cents per pound. As is suggested

by the following, the difference in price between Fancy and Choice grades of the same pack could account for some part of the differences but, unless buyers were prepared to pay a premium of two to three cents a pound of product, the 30-pound pack would be sold at a loss in Toronto, on the basis of the above costs.

In what precedes, it has been assumed that all strawberries for processing are of the same average quality and are valued at the same average cost per pound regardless of the purpose for which they are used. In fact, this is not the case because a high quality of berry is required for canning and for a large part of the I.Q.F. pack, whereas lower-quality berries are used for the manufacture of other products. Also, a higher quality of strawberry is required for packing as "Canada Fancy" than as "Canada Choice" grade. Prices of the various products and grades reflect the quality of the contained strawberries; because strawberries account for a large proportion of the total costs of the major strawberry products, prices are also higher for products which contain more strawberries.

For example, in late 1971 the price quotations listed cancos, Fancy grade, at 50 cents more per case than for the Choice grade, the only difference being the grade. Per pound of contained strawberries the difference in grade amounted to 2.78 cents per pound. Other price lists quoted the 30-pound pack of I.Q.F. strawberries from about six cents to as much as ten cents more per pound than the corresponding pack and grade of 4 + 1. The additional amount of contained strawberries in the I.Q.F. pack, valued at the 16.5 cents per pound paid to growers in 1971, would have a value of approximately five cents per pound and the additional premium for the I.Q.F. pack above this may reflect, in part, the higher quality of strawberries used in its production.

Moreover, the prices paid to B.C. growers for strawberries for processing, in 1970, were the highest in more than a decade and the unit value of imports of frozen strawberries from Mexico were the lowest since 1964; in 1971, the unit value of imports from Mexico were 1.5¢ a pound lower even than in 1970. Thus, the comparisons apply to unusual years and the extent of the calculated disadvantage of B.C. processors, in respect of the 30-pound pack, is ordinarily probably considerably less than is suggested by the calculations.

As the above suggests, British Columbia processors would take into account the prices of competitive imported products in pricing their own output and when negotiating the prices which they would pay to growers for strawberries for processing. However, in negotiating with growers, their calculations would be based on the total anticipated output of their usual variety of products and not just on the 30-pound pack. In this connection, it is important to note that although the appendix to the British Columbia growers' brief shows the estimated production of the principal products manufactured in the province in 1971 it makes no reference to the 30-pound bulk pack, suggesting that this pack would be of minor importance in some years and would be produced in substantial quantities only in years of large crops; in years of large crops, strawberries packed in 30-pound pails for sale in central Canada would provide a market outlet for the surplus which could not be absorbed by the end-products ordinarily produced in the province.

The principal products which British Columbia processors sell east of Manitoba are the consumer packages of 4 + 1, sliced strawberries, packed in 15-ounce containers, and canned strawberries. The discussions at the public hearing indicated that there was little, if any, competition in this region from imported canned strawberries or from consumer packages, such as cancos.

During the past fifteen years, imports of frozen strawberries from Mexico have risen from about one million pounds to about 11 million pounds, per year. In this period there would have been many opportunities for the development of a trade in canned and frozen consumer packages; the fact that the imports from Mexico continue to be almost exclusively in 30-pound bulk containers suggests that Mexican suppliers would have difficulties in competing with the British Columbia consumer packs and that there may be other obstacles to such developments. For example, the sale of Mexican strawberries in consumer packages might require the establishment of a marketing organization with provision for delivery, credit and other services. However, although there has been a large expansion of the strawberry processing industry in Mexico, the frozen pack in British Columbia has increased from ten or eleven million pounds per year at the beginning of the 1960's to about 15 million pounds in average crop years, in the late 1960's. The British Columbia pack of canned strawberries has also increased substantially, from about 1.5 million pounds to 2.6 million pounds, during the decade.

The data suggest that British Columbia processors used an average of 15 million pounds of domestic fresh strawberries annually, in recent years and, in most years, encountered no difficulties in disposing of the manufactured products which they produced. Problems appear to arise mainly as a result of two circumstances: when a crop failure forces the province's processors to use imported strawberries for a large part of their requirements, and when the threat of imports at low prices depresses the prices which processors are prepared to pay growers for strawberries for processing. The crop failure in 1969 resulted in a processors' margin, in British Columbia, of only two cents per pound compared with margins of 8.5 cents to 9.9 cents a pound for the other five years of the period from 1966 to 1971. The threat of imports at depressed prices resulted in prices to growers declining from 20 cents a pound, in 1970, to $16\frac{1}{2}$ cents a pound, in 1971, for strawberries for processing.

THE SITUATION IN 1970 AND 1971

Recent Canadian production of about 42 to 45 million pounds of strawberries annually is only a small part of the total North American output; in the U.S.A., production approaches 500 million pounds per year and in Mexico, it varies between about 240 and 285 million pounds per year. Mexico and the U.S.A. are the two principal foreign suppliers of frozen strawberries to the Canadian market and, as a result, large packs and inventories of frozen strawberries in the U.S.A. and Mexico can have a significantly adverse effect on Canadian prices of frozen strawberries and consequently on prices paid to Canadian growers for strawberries for processing. The decline in the price paid by British Columbia processors for strawberries for processing, from 20 cents a pound in 1970 to 16.5 cents a pound in 1971, appears to have resulted largely from such circumstances.

The Mexican pack of frozen strawberries was above average in 1969 and was followed by an unusually large crop and pack of frozen strawberries in 1970. The principal market for the Mexican pack is in the U.S.A. and imports from Mexico into the U.S.A. increased from 88 million pounds in 1969 to 102 million pounds in 1970. As imports increased they resulted in a large build-up of U.S. storage stocks which became evident with the publication of the May 1, 1970, storage figures. The reported May 1, 1970, total inventory of 117 million pounds was 22 million pounds more than a year earlier; by the end of August, 1970, they were 48 million pounds larger than a year earlier and persisted at well above usual levels until the early spring of 1971.

Table 48: U.S.A. Stocks of Frozen Strawberries in Storage,
by Months, 1969-71

<u>Month</u>				<u>Change from Prec. Year</u>	
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1970</u>	<u>1971</u>
	mn. lb.	at 1st	of month ^(a)	mn. lb.	
January	146.9	127.8	166.2	-19.0	+38.3
February	129.9	116.5	153.7	-13.3	+37.1
March	115.3	108.9	135.2	- 6.4	+26.3
April	107.5	106.0	125.1	- 1.6	+19.2
May	94.5	116.7	110.0	+22.1	- 6.7
June	100.0	126.1	101.1	+26.1	-25.0
July	187.5	226.3	175.9	+38.9	-50.5
August	197.2	239.5	216.9	+42.3	-22.6
September	182.1	230.3	203.8	+48.2	-26.5
October	175.8	218.9	194.4	+43.2	-24.6
November	159.1	200.5	181.4	+41.4	-19.1
December	146.8	181.2	167.7	+34.4	-13.5

(a) As published, figures relate to end of preceding month

Source: U.S.D.A., Cold Storage Report

By the beginning of May, 1971, U.S. stocks of frozen strawberries were about average for that season of the year. In 1971, Mexican production was much less than in 1970 and the U.S. crop was very little different from that of the preceding two years. The seasonal changes in the U.S. storage position reflected the average size of the crops and the packs of frozen strawberries produced in the spring of 1971, and followed an average pattern of accumulation and decline from about May of that year.

The crop failure in British Columbia, in 1969, had resulted in unusually large Canadian imports of frozen strawberries in that year. Imports in 1969 totalled 21.2 million pounds, double those of 1968, a fairly good crop year; imports from Mexico accounted for almost the total rise between the two years. A result of these large imports was that Canadian storage stocks of frozen strawberries were above average during most of 1969, in spite of the crop failure in British Columbia. At August 1, when Canadian storage stocks of frozen strawberries are normally at about their peak, 1969 Canadian stocks were 19.6 million pounds, 1.5 million pounds larger than in 1968, although the British Columbia crop in 1969 was only one-third that of 1968. It is significant that the August 1 stocks of frozen strawberries in containers of over one to 30 pounds, the class which would apply to most imports from Mexico, were actually 3.6 million pounds larger in 1969 than in 1968, an increase of 70 per cent. The changes in the Canadian storage position are shown below.

Table 49: Canada, Stocks of Frozen Strawberries in Storage, by Months, 1969-71

<u>Month</u>	<u>1969</u> mn. lb.	<u>1970</u> at 1st of	<u>1971</u> month	<u>Change from Prec. Year</u>	
				<u>1970</u> mn. lb.	<u>1971</u> mn. lb.
January	13.6	15.6	15.8	+2.0	+ 0.2
February	12.0	14.0	16.0	+2.0	+ 2.0
March	10.2	12.5	13.8	+2.3	+ 1.3
April	9.9	11.8	12.6	+1.9	+ 0.8
May	9.1	11.5	10.6	+2.4	- 0.9
June	7.8	10.5	9.0	+2.7	- 1.5
July	14.7	20.9	10.7	+6.2	-10.2
August	19.6	21.2	17.2	+1.5	- 3.9
September	19.1	21.4	16.1	+2.3	- 5.3
October	18.8	20.8	14.2	+2.1	- 6.6
November	18.1	19.4	14.4	+1.2	- 4.9
December	16.9	18.6	15.0	+1.7	- 3.6

Source: S.C., cat. no. 32-010, 32-217

Although the build-up of Canadian stocks was very much smaller than in the U.S.A., it should be kept in mind that a large part of the U.S. inventory of frozen strawberries represented a reserve on which Canadian users could draw at short notice; a railway carload of frozen strawberries could be delivered in central Canada within about one week of placing an order. Thus, the existence of

large stocks in the U.S.A. in the last half of 1970 and early in 1971, together with the relatively large stocks in Canadian storages during this period, tended to depress prices in North America, including Canada.

The large quantities of frozen strawberries in storage in the U.S.A. would have included a substantial proportion of bulk pack in 30-pound containers but not of the consumer packages sold in Canada. Thus, the principal impact would have been on prices of Canadian frozen strawberries for use by processors. Canadian stocks, by size of container, are shown below. Because most of the production of frozen strawberries is in June and July, Canadian stocks increase in both months and the storage holdings are usually at their peak at August 1 and at their lowest at June 1, before the annual harvest begins.

Table 50: Canadian Stocks of Frozen Strawberries in Storage, by Size of Container, January 1, June 1 and August 1, 1967-72

	Size of Container				
	1 lb. & under	over 1 lb. to 30 lb.	over 30 lb.	Total	% 1 lb. to 30 lb. of total per cent
million pounds					
<u>At January 1</u>					
1967	5.2	4.6	5.5	15.4	30.1
1968	3.9	4.5	3.7	12.1	37.2
1969	5.8	3.6	4.3	13.6	26.4
1970	3.4	8.2	4.0	15.6	52.6
1971	2.9	7.5	5.5	15.8	47.1
1972	3.8	5.3	2.3	11.4	46.9
<u>At June 1</u>					
1967	2.5	3.2	3.0	8.7	36.9
1968	1.8	3.0	1.6	6.4	47.5
1969	2.2	3.8	1.7	7.8	49.6
1970	1.2	6.1	3.2	10.5	57.7
1971	1.0	4.6	3.4	9.0	50.9
<u>At August 1</u>					
1967	6.4	5.7	5.2	17.3	33.0
1968	6.9	5.2	5.9	18.1	28.9
1969	4.7	8.9	6.0	19.6	45.2
1970	4.4	10.1	6.7	21.2	47.5
1971	4.6	8.2	4.5	17.2	47.5

Source: S.C., cat. no. 32-010, 32-217

The effect of the availability of large quantities of frozen strawberries for importation into Canada and the large imports in 1970 in relation to the size of the Canadian crop in that year is indicated by the large proportion of the total Canadian stocks accounted for by containers of over one to 30 pounds in 1970 and 1971. Stocks

of this category were also a large proportion of the total during the last half of 1969 because of the crop failure which necessitated large imports and in most of 1971, partly because the size of the 1971 crop was below average.

In British Columbia, institutional users and manufacturers of jams and related products would have considered the cost of importing the bulk frozen pack in relation to the cost of purchasing British Columbia bulk frozen strawberries for use in their manufacturing processes. British Columbia producers of bulk frozen strawberries for sale outside the province would also have taken into account the prices at which the competitive imported products were being offered. Thus, the prices at which British Columbia bulk frozen strawberries were being offered would have been directly affected by the large U.S. and Canadian inventories.

More importantly, the negotiation of prices to British Columbia growers for strawberries for processing, in the spring of 1971, would have involved comparisons of the cost of producing manufactured products using the relatively low-priced imports, in relation to the cost of producing manufactured products from locally-produced fresh strawberries. For example if frozen 4 + 1 strawberries could be landed in British Columbia at a cost of 24 cents a pound and the cost of freezing strawberries in 425-pound drums were nine cents a pound, a British Columbia manufacturer of pectin jams might be unwilling to pay more than 18.75 cents a pound for local fresh strawberries for processing.

Although the build-up of North American stocks was already evident by the beginning of May, 1970, the price to British Columbia growers, negotiated in the spring of that year and finally agreed upon on June 16, 1970, was 20.0 cents a pound, the highest in more than a decade, with the exception of 1965 and 1969, the two years of crop failure. Thus, British Columbia processors were freezing strawberries which were being purchased at a relatively high price, in 1970, at the same time as U.S. stocks were accumulating at a rapid rate and prices of imported frozen strawberries were declining. The value for duty of frozen strawberries imported into Canada reflect the developments in the market and are given below.

As is evident from table 51, which follows, prices of imported frozen strawberries declined sharply in the third quarter of 1970 and fell even further in the early months of 1971 as brokers and dealers tried to liquidate the large inventories before the new-crop Mexican and U.S. frozen strawberries began to reach the market. The effect of the lower prices on storage holdings is apparent from table 48. At January 1, 1971, U.S. stocks were 38 millions pounds larger than at that date in 1970 and 19 million pounds more than in 1969; by June 1, 1971, they were 25 million pounds less than in 1970 and about the same as the stocks in storage at that date, in 1969. Some of the low unit values of table 51 reflect the inclusion of significant amounts of sort-outs and U.S.D.A. Grade C frozen strawberries in the statistics. In this connection, it should be noted that some strawberries sold to Canadian importers as sort-outs and Grade C were probably of U.S.D.A. Grade B quality.

Table 51: Unit Value of Imports of Mexican Frozen Strawberries, by Quarters, Ontario, Quebec and Canada, 1969-71

<u>Quarter</u>	<u>Ontario</u> value for duty, cents per pound	<u>Quebec</u> value for duty, cents per pound	<u>Canada</u> value for duty, cents per pound	<u>Total Imports from Mexico</u> '000 lb.
<u>1969</u>				
3rd	17.5	20.1	18.3	6,554
4th	20.1	19.7	19.3	1,015
<u>1970</u>				
1st	18.9	16.4	18.5	2,031
2nd	18.1	19.3	19.0	4,974
3rd	16.4	16.6	16.3	3,103
4th	15.7	18.2	16.3	1,675
<u>1971</u>				
1st	16.4	14.2	15.7	2,351
2nd	16.3	15.1	15.7	3,739
3rd	15.9	18.9	17.7	2,581
4th	16.7	15.7	16.2	2,123

Source: Derived from Statistics Canada data

Thus, at the beginning of 1971, U.S. stocks of frozen strawberries were substantially larger than average and prices were declining below even the relatively low levels of late 1970. In view of these circumstances and in anticipation of their effect on the price negotiations which were in the offing, British Columbia growers, supported by growers in other parts of Canada, made representations to the Government for the application of a surtax on fresh and frozen strawberries imported into Canada. In his letter to the Tariff Board, the Minister referred to these representations, as follows.

"The Government has received representations to the effect that fresh, frozen and preserved strawberries intended for further processing in Canada are being imported into Canada under such conditions as to threaten serious injury to Canadian strawberry producers. In view of the fact that delay in taking action might have resulted in damage to Canadian strawberry producers which would be difficult to repair, a surtax was imposed, effective May 22, 1971, on imports of strawberries pursuant to the provisions of section 7(1a) of the Customs Tariff."

The Surtax Order made imported fresh and frozen strawberries subject to a surtax, equal to the difference between the prices specified in the Surtax Order and the export price per pound of such strawberries, in addition to the duties otherwise established. The effect of the order was that the minimum cost of imported fresh strawberries became 19.4 cents a pound plus duty, of I.Q.F. strawberries 22.5 cents a pound plus duty and of frozen strawberries, not individually quick frozen, 18.5 cents a pound plus duty. Of course, other costs such as

freight and brokerage, would also be incurred on importation. The principal product affected by the order was the 4 + 1 pack of strawberries, which at about the time the order came into effect, averaged 15.7 cents a pound, value for duty. When the order came into effect on May 22, 1971, 4 + 1 frozen strawberries bought at less than 18.5 cents a pound, were subject to a surtax "equal to the amount by which 18.5 cents per pound exceeds the export price per pound of such strawberries ...", in addition to the M.F.N. duty of two cents a pound under item 10704-1. Thus, 4 + 1 frozen strawberries bought at 15.7 cents a pound became subject to a surtax of 2.8 cents a pound, the difference between 18.5 cents and 15.7 cents a pound.

The surtax on fresh strawberries was removed, effective July 21, 1971, and on all frozen strawberries, effective August 19, 1971.

British Columbia growers had based their representations to the Government on the expectation of a crop of about 15 million pounds of strawberries. However, the crop was smaller than anticipated and the storage positions in both the U.S.A. and Canada were at about average levels after June 1, 1971. During the first six months of 1971 imports of frozen strawberries entered in Ontario and Quebec had been average in size. Thus, central Canadian processors were in the position of requiring substantial quantities of bulk frozen strawberries, which were not available from domestic production, in the last six months of the year.

The statistics indicate that unit values of imports of frozen strawberries generally increased during the third quarter of 1971 when the surtax was in effect. Although they declined somewhat in the fourth quarter, after the removal of the surtax, they remained higher than in the first half of 1971.

The impact of low prices of frozen strawberries on returns to Mexican processors and growers is suggested by the following calculations.

	cents per lb.
Landed cost in Toronto, 4 + 1 in 30-lb. containers	22.0
Less freight, duty, brokerage, etc.	5.0
Price f.o.b. Laredo, Texas	17.0
Less freight to Laredo from freezer, handling, grading by U.S.D.A., sales commission	3.0
Price f.o.b. freezing plant	14.0
Less est. costs of container, sugar, misc. materials, freezing, labour, overhead & profit	8.0
Available for strawberries used (0.8 lb.)	6.0
Calculated price to grower per lb. berries used	7.5
Net to grower at plant, per lb. of berries delivered, assuming 15% dockage	6.4

The 15 per cent dockage used in the calculation is high by Canadian standards but is lower than that used by many reporters. The cost of processing is based on the estimated U.S. cost given in a brief to the U.S. Tariff Commission; it is probably higher in Mexico

than in the U.S.A. because of higher costs of supplies, machinery and equipment.

However, although the calculation may overstate the returns to Mexican growers it is apparent that returns are very small even when frozen strawberries can be landed in eastern Canada at 22 cents a pound for the bulk 4 + 1 pack; in fact, the total return at the plant of 6.4 cents a pound is fractionally less than is paid for picking, alone, in British Columbia. Although costs of labour are much lower in Mexico than in Canada, it is apparent that Mexican processors and growers would have cause for concern when prices, f.o.b. Laredo, declined even to 17 cents a pound for the 4 + 1 pack. In late 1970 and a good part of 1971 they appear to have been lower, even when some allowance is made for lower-priced qualities such as sort-outs.

The low prices of frozen strawberries in the latter half of 1970, reflected in lower returns to Mexican processors and growers, caused considerable concern in Mexico. The Mexican strawberry industry recognized that the large and increasing volume of exports to the U.S.A. might lead to the imposition of restraints on imports from Mexico by the U.S.A. (U.S.D.A., Foreign Agriculture, May 31, 1971) and, although the Canadian market for frozen strawberries is very much smaller than the U.S. market, they may also have been concerned with Canadian reaction.

As a result, the Executive Committee representing the Mexican Frozen Strawberry Packers and Growers Association established minimum export prices for frozen strawberries in February 1970. Later, they agreed to limit exports to 70 million pounds, exclusive of retail packs and I.Q.F. berries; they also assigned each packer a quota for shipments of bulk-pack, sugar-added frozen strawberries and agreed upon a minimum quality for export.

The restraints were not effective in 1970, in part because about 38 million pounds of Mexican frozen strawberries were already in storage in the U.S.A., a carryover from the preceding year. Moreover, early forecasts predicted a very large export pack which, in conjunction with the large inventories held in the U.S.A., resulted in the sharp decline in prices already noted.

Mexican growers and processors agreed upon similar restraints for the 1971 crop; although the harvest of this crop began in the last quarter of 1971, most of the freezing would ordinarily be done after February of 1972. U.S. storage stocks of frozen strawberries were at about average levels in late 1971 and prices had risen. The New York Journal of Commerce of February 22, 1972, noted that:

"The current season's output of frozen Mexican strawberries has been almost entirely sold or committed, according to trade sources, who maintain that this situation has had a decidedly strengthening effect on prices of California, Northwest, and Michigan strawberries."

REPRESENTATIONS

Representations pertaining to this Reference were made primarily by two groups; The Canadian Horticultural Council on behalf of the strawberry producers and The Canadian Food Processors Association on behalf of processors who use strawberries to manufacture a variety of processed products. The brief presented by The Canadian Horticultural Council was supported with additional detail by the briefs and representations made on behalf of the growers in British Columbia, Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island; the provincial briefs presented regional data and viewpoints.

The views of Canadian processors were presented by The Canadian Food Processors Association on behalf of three regional groups: the Western Food Processors Association, the Ontario Food Processors Association and the Quebec Food Processors Association. The Canadian Food Processors Association included companies which account for a very large proportion of the production of frozen products but for lesser, though still large, proportions of the production of jams, jellies, toppings and related products.

Ice-cream manufacturers, bakeries and other fairly large users of strawberry products made no representations to the Board in connection with this Reference.

Submissions by Growers

A major concern of The Canadian Horticultural Council was that the competition from imports, particularly from Mexico, had limited the returns to Canadian growers who produced strawberries for processing. The Horticultural Council contended that the advantages of low cost land and labour, in conjunction with capital from the U.S.A., had resulted in very large increases in Mexican production of strawberries and frozen strawberry products during the 1960's. The council claimed that increasing imports of Mexican frozen strawberries into Canada had had a depressing effect on the prices paid by Canadian processors for domestic fresh strawberries for processing. The Council's views were stated in the following terms:

"Strawberry production in Mexico in the past decade has been increased to phenomenal levels. With low land and labor costs, the capital diverted from production in the U.S.A., the dramatic and indiscriminatory increases in strawberry production in Mexico, brought with it a surplus supply situation. Much of the surplus was processed into a form in which stocks could be carried from one year into another. As this was done, quotations and sales at prices below cost of production, became rampant in order to move the burdensome inventories. Having committed substantial resources to strawberry production in Mexico, investors are deeply committed and will not likely reduce production to levels commensurate with realistic pricing." (Vol. 1, p. iii)

It was the Council's contention that the strawberry production and processing industry is of significant importance to the Canadian economy and has a real potential for expansion in the future if given a favourable economic climate. In its brief it claimed that the increased imports from Mexico were responsible for the loss of the market for strawberries for processing in Ontario and for slowing or halting the expansion of production of strawberries for processing in most other provinces.

The Horticultural Council also expressed concern with what it regarded as the inadequate provisions for protecting Canadian growers from the competition of low-priced imports. It expressed the view that, under existing legislation, too much time was required to provide relief and referred to a submission made in 1957 to the Tariff Board in which it urged that relief should be provided automatically in "emergency" situations. The Council's brief also urged that provisions under the Anti-dumping Act should be implemented more frequently and more quickly in certain situations.

The submissions of the British Columbia growers also expressed concern with the increasing strawberry production in Mexico, claiming that Mexican processors had recently accumulated large surpluses of frozen strawberries which had resulted in depressed prices throughout North America. They said that British Columbia was particularly hard hit by these developments because strawberry products processed in this province normally have a wide distribution throughout Canada. Their brief noted that the strawberry growing industry is labour-intensive and, therefore, that British Columbia growers are at a disadvantage in relation to the low-cost labour in Mexico; this was cited as a major factor influencing recent import trends.

The brief claimed that the removal of the surtax on frozen strawberries, on August 18, 1971, had placed the province's processors in a precarious position. It contended that British Columbia processors had purchased the province's crop at prices based on the expectation that the surtax would remain in effect for at least 180 days or until the bulk of their pack had been sold; its earlier revocation had exposed these manufactured products to the competition of imported products which were offered at prices which did not include the surtax or whose costs were based on frozen strawberries the cost of which did not include the surtax.

The British Columbia representations supported the views of the Horticultural Council but placed considerably more emphasis on the position of the province as being by far the largest user of domestic strawberries for processing, in Canada; to a certain degree the British Columbia submissions also placed more emphasis on the situation which developed in 1970 and 1971.

The submissions of the Ontario Fruit and Vegetable Growers' Association on behalf of strawberry producers in Ontario were concerned, to a considerable extent, with the diminishing sales of strawberries for processing purposes in the province. Their presentations claimed that growers in Ontario had lost their market for strawberries for processing as a result of increasing imports of frozen strawberries. They said that this change had affected the "stability and flexibility" of the market by forcing growers to market a highly perishable crop only in the fresh market. The Association expressed some of its views in the following terms.

"Prior to the impact of mass imports, the Ontario producer had available to him both a fresh and a processing market. The presence of the two markets made it possible for the producer to specialize in growing for either market or utilizing both markets according to the quality and volume of production occurring during the short concentrated harvest season." (Vol. 2, p. xxxv)

With respect to the predominant strawberry variety grown in Ontario, the Redcoat, the Association contended that its quality had been tested in processed products and had been found to be satisfactory. However, it was admitted that the mechanical hulling of the Redcoat berry was a problem and was one of the major questions involved in the outlook for a processing industry in the province (Vol. 2, p. XL).

The Ontario strawberry growers maintained that, if a demand for strawberries for processing were created, the province's growers would provide the strawberries "in the state required by the ... user." (Vol. 2, p. 13). They also said that the production of strawberries for processing would be desirable for economic reasons and would provide increased opportunities for employment in the province.

The viewpoints presented on behalf of the Quebec strawberry growers were generally similar to those put forth by the Ontario Association. The spokesmen for the Quebec growers pointed out that the marketing of agricultural products is difficult because of uncertainties in supply and that in the case of strawberries these difficulties were aggravated by the perishability of the fruit and the short harvest season. They said that greater access to a market for processing berries was desirable to provide an outlet for strawberries which were surplus to the fresh market in order to modify or prevent severe price declines in the fresh market (Vol. 2, p. 241). The Quebec representations advocated that Government policy should be directed towards the development of a larger market for strawberries for processing. The Quebec growers' position is indicated by the following;

"... l'industrie de la culture de la fraise au Québec est viable à long terme à condition que les producteurs aient accès au marché de la transformation, qui doit jouer un rôle tampon vis-à-vis du marché frais, permettant d'éviter des offres trop abondantes et des chutes des prix catastrophiques." (Vol. 2, p. xxiv)

Deficiency payments to strawberry producers, as an alternative to a surtax, was also discussed by spokesmen for the Quebec growers during the course of the public hearing. They indicated that they would much prefer some device whereby a minimum value for duty might be applied (Vol. 2, p. 284). When asked whether deficiency payments would not give the same result, they said the term "deficiency payment" implied inefficiency whereas the sort of problem with which Quebec growers were faced was involved with competition with labourers in Mexico whose wages were about \$2 a day for perhaps 10 hours work daily (Vol. 2, p. 285).

Briefs supporting the general views of the Canadian Horticultural Council and of the submissions by other provinces were also presented on behalf of growers in the Provinces of New Brunswick and Prince Edward Island, and by the Nova Scotia Strawberry Growers' Association.

The New Brunswick brief noted that the provincial government is generally not in favour of surtaxes, quotas, excessive rates of duty or any other means used by governments as barriers to international trade. It went on to say that protection for inefficient, high-cost producers only served to perpetuate inefficiency and high costs. However, the brief supported the views of the Horticultural Council with regard to protection on the grounds that Mexican production enjoyed substantial natural advantages because of climate and soil and Mexican growers derived advantages from lower costs of labour than in other parts of North America.

The submissions made on behalf of growers in Prince Edward Island claimed that the availability of low-priced, imported frozen strawberries had led processors in Canada to feel that it would be uneconomic to purchase domestic fresh strawberries for processing. The provincial brief presented the view that the loss of a market for strawberries for processing would have severe effects on the whole strawberry industry in the Atlantic Provinces and might render the production of fresh strawberries uneconomic. The representations urged that when special situations arose, rapid action was necessary in order to prevent permanent injury.

The Nova Scotia submission also claimed that some form of protection was required against low-priced imports. The brief noted that the harvest provides employment for some 2,300 persons and claimed that if conditions were created which would encourage an expansion of the production of strawberries for processing, even more would be employed.

Submissions by Processors

The Canadian Food Processors Association represented 26 companies, 19 of which produce jams, jellies and other products from strawberries and seven freeze strawberries for the retail market, the institutional trade and for the manufacture of products such as ice-cream and pastries. These 26 companies were said to account for a large proportion of the Canadian output of end-products manufactured from strawberries but the actual proportions varied from region to region and for different goods. Although the members of the Association are located across Canada and produce a diversity of strawberry products, their views were presented in one brief. However, company representatives were available at the public hearing to discuss issues which might have a special bearing on regional or product interests.

The Association's representatives said that one of their major concerns, when the surtax was applied, was that processors in other countries who used the low-priced Mexican frozen strawberries could manufacture end-products such as jams at a lower cost than Canadian processors and could then export these to Canada at prices based on the lower cost raw material. They said that this would make it impossible for Canadian manufacturers to remain competitive in the domestic market.

In effect, the Association's principal concern was that whatever action might be taken by the Government in order to assist Canadian growers of strawberries for processing should take into account the effect of such action on costs of Canadian processors and the competitive position of the products which they sell in the domestic market. The brief stated that "Any action which would render the processing industry less able to compete with imports of finished products would seriously affect the entire strawberry industry." (Vol. 4, p. iii).

The brief recognized the close relationship of the interests of growers and processors. The processors noted that in British Columbia and, to a lesser degree in the Atlantic Provinces, there is a substantial freezing industry which relies on domestic fresh strawberries for processing. The Food Processors Association pointed out that if the competition of low-priced imported frozen strawberries affected the supplies of domestic berries for processing in these regions the freezing industry would be placed in jeopardy.

In general, the representations of the Food Processors Association, appeared to regard the developments which led to the application of the surtax as an unusual situation and expressed optimism regarding the long-term viability of the production of strawberries for processing both in British Columbia and the Atlantic Provinces (Vol. 4, p. 644). Their spokesman noted that, in years of normal production and marketing, the competition from California and Mexico does not appear to affect the expansion of the strawberry industry in Canada but that Canadian growers are adversely affected when there is excess production in North America (Vol. 4, p. 645).

The Food Processors Association suggested that deficiency payments would be preferable to a surtax as a method of assisting Canadian growers when faced by the competition of low-priced imports. Their spokesman said:

"However, we do recognize that, periodically, conditions may arise in which some sort of assistance to the growers is deemed necessary. What we have suggested is that such assistance not take the form which it has in the past, namely fixed values for duty purposes or a surtax such as was imposed this year, with all the inequities which they entail for the processors and the windfall profits to the producers in foreign countries, but rather a price support scheme under which growers would be assured of a reasonable return and which would not saddle the processors and the consumers with higher costs." (Vol. 4, p. 645, 646)

The Food Processors contended that the events of recent years make it clear that, in Ontario and Quebec, the market for strawberries for fresh use has been expanding. They said that growers had turned to the varieties with most appeal for that market but that these varieties were not desirable for processing. They concluded that if there was to be a market for strawberries for processing in Ontario and Quebec it would depend to a large extent on the availability of a variety acceptable to processors and which could be easily machine-hulled (Vol. 4, p. 644); Quebec processors said the relatively large size of the Redcoat, the principal variety grown in eastern Canada, was an undesirable characteristic for processing purposes.

Both Ontario and Quebec processors contended that supplies of domestic strawberries for processing were unreliable. They claimed that as a result of the attraction of the more lucrative market for fresh use, producers preferred the varieties acceptable in this market and supplied this demand first. The Quebec processors' brief noted that, under existing conditions, processors are never sure of the amount or quality of the fresh fruit which may be made available to them and, therefore, they must import strawberries because their industry cannot operate using only domestic strawberries (Vol. 4, p. xi). A spokesman for Ontario processors supported this view and said his company's experience had been similar in relation to the difficulty of acquiring dependable supplies of domestic fresh strawberries for processing; he claimed that although his company had contracted for substantial quantities of strawberries, from time to time, a large part of the strawberries was not delivered.

Nabob Foods Limited, a member of the Canadian Food Processors Association, submitted a brief but was not represented at the public hearing by company spokesmen. The company noted that it is the largest producer of strawberry jams in western Canada and is one of the largest users of fresh strawberries for the manufacture of jams, in this region; it reported an average use of about two million pounds of fresh strawberries per year, during the past five years. Nabob Foods claimed that its policy of purchasing local fresh strawberries in preference to imported frozen strawberries frequently resulted in higher costs and placed it at a disadvantage to competitors who used the imported product.

The company contended that the imposition of a surtax on imports had had the effect of increasing the cost of strawberry jam to consumers because all jam manufacturers use some of the usually less expensive imported fruit. Its brief urged that it would be preferable to assist growers by means of a subsidy rather than a surtax because such a policy would aid growers and would equalize the cost of the fruit for all processors but would not affect consumer prices.

SUMMARY AND CONCLUSIONS

Introduction

Because of the terms of the letter of reference, the Board is making no recommendations on rates of duties of customs and is restricting its Report to the economics of the strawberry growing industry in Canada, with particular reference to the growing of strawberries for the processing market and to the long-term capacity of this industry to maintain itself.

The principal concern of growers at the public hearing appeared to relate to imports of frozen strawberries from Mexico and to the effect of these imports on the prices of domestic frozen strawberries and on the potential demand for domestic strawberries destined to processing. Concern was expressed about sudden, sharp declines in the returns to Canadian growers because of large crops elsewhere in North America or of unusually heavy inventories in the U.S.A. Eastern growers, particularly those from Ontario, deemed the availability of large quantities of Mexican frozen strawberries to deprive them of a domestic outlet for their low quality strawberries or their surplus of high quality berries.

The processors, on the other hand, deemed current levels of protection to be adequate as opposed to the growers who deemed them inadequate; the processors, conceding some need for a limit to price declines, sought to prevent any increase in the cost of their principal raw material without compensation for competition from imported processed products.

An area of considerable conflict arose over the availability of varieties suitable for processing.

In British Columbia the principal variety grown is the Northwest; it can be and is hulled at the time of picking and is thus suitable for processing and, in fact, 90 per cent of the crop is used for processing and 80 per cent of Canadian production so used is from British Columbia.

In central and eastern Canada the situation is different; the main variety grown is the Redcoat; it is not hulled at the time of picking partly because it does not readily lend itself to this procedure and partly because the usual practice, in eastern Canada, is to hull strawberries mechanically, after picking. In the view of the processors the Redcoat is difficult to hull mechanically and has other faults making it unsuitable to the processors' needs.

The conflict on this score was the subject of contradictory evidence by way of published articles and opinions given. Nevertheless, the views of the growers on this issue seem founded more on faith and hope than on fact; their strawberries are suitable for the fresh market, where they get higher prices than in the processing market, but they do not seem really adequate for the processors' purposes and 89 per cent of them are actually sold in the fresh market. In the Board's view such a situation gives a good deal more cogency to the processors' views on the suitability of the Redcoat.

Canadian Market

Canadian consumption of strawberries is a little over 71 million pounds annually, with a value of a little under \$20 million. Both domestic consumption and domestic production have increased substantially over the last fifteen years; so, also, have imports, but their rate of increase has been less than that of domestic consumption or production; consequently, the share of the domestic market supplied by imports is smaller than it was some fifteen years ago. Over the last five years, the share of imports in total consumption has been 42 per cent in volume and 49 per cent in value.

Of the consumption of some 71 million pounds, about 40 million pounds are consumed as fresh strawberries and about 31 million pounds, as processed strawberries.

"Processed" strawberries include the fresh strawberry made into jams and other food products together with strawberries frozen for use, after thawing, either on the table or for further processing into jams, ice-cream and other food products.

Published statistics of imports of strawberries preserved in sulphur dioxide (SO₂) are not available but are estimated to average between two and three million pounds annually, in recent years.

The fresh market for 40 million pounds commands higher prices than the processing market for 31 million pounds. Domestic production supplies some 60 to 65 per cent of the fresh market and about 57 per cent of the processing market.

In the fresh market, most imports are from the U.S.A. and occur mostly before or after the domestic harvest; in the processing market, some 80 per cent of the imports is in the form of frozen strawberries, principally from Mexico.

Of the domestic strawberries entering the processing market, about 20 per cent is frozen and packed as sliced, sugared strawberries in 15-ounce packages for table consumption and a large part of the remaining 80 per cent is manufactured into jams and other food products from frozen or fresh strawberries.

The Canadian consumption of strawberries per capita, for the past five years, has been slightly more than 3.3 pounds; in the last 15 years fresh strawberries have constituted close to 60 per cent of per capita consumption.

The Fresh Market

Strawberries for use in their fresh state are sold in all parts of Canada. Quebec and Ontario account for more than two thirds of the total Canadian market and for three-quarters of the domestic production of strawberries for fresh use but for only 57 per cent of the strawberries imported for fresh use. In contrast, the Prairie Provinces are almost entirely dependent on imports and the Atlantic Provinces are less dependent on imports than any other region. The situation in British Columbia is not entirely clear. Of the total market, domestic strawberries supply a little over 60 per cent of the

demand. The interprovincial shipments of fresh strawberries are largely confined to those between Ontario and Quebec and vary considerably from year to year; there is a much larger export movement of fresh strawberries to some major cities in the U.S.A.; about three-quarters of these exports originate in Ontario, the rest being from Quebec and, to a lesser extent, from the Atlantic Provinces.

The Processing Market

This market reflects the demand for the frozen strawberry for use in direct consumption and for both the fresh and the frozen strawberry used for processing into jam or other food products.

For retail sale and direct consumption there are two forms of frozen strawberries; the principal product is the "canco", a 15-ounce consumer package of sliced and sugared strawberries; there is also the "I.Q.F.", individually quick-frozen, whole strawberry. Frozen strawberries are sold also to ice-cream plants, restaurants, bakeries, hospitals and other institutions.

More than half of the 31 million pounds used for processing are processed in British Columbia where over 80 per cent of Canadian production for this purpose is grown; in British Columbia the processing industry acquires some 90 per cent of its strawberry supplies in the province and, furthermore, some 90 per cent of the strawberries grown in the province are used by the processing industry.

In central Canada, some 90 per cent of the processing market is supplied by imports. British Columbia ships a significant part of its production in frozen form in consumer packages, to central Canada; this outlet could be seriously affected were a variety of strawberry developed, which could be easily hulled by machine and grown in Ontario and Quebec.

Some 25 per cent of the production in the Atlantic Provinces is sold to processors.

Regional Distribution of Both Markets

The regional distribution of the market for strawberries for fresh use conforms broadly to the regional distribution of the population. This is not true of the regional distribution of the supply of domestic strawberries for the market for processing; British Columbia, a producer of a suitable variety of strawberry, is the largest domestic supplier of this market.

Canadian Production

In the last decade, Canadian strawberry production has risen markedly — particularly in British Columbia and Ontario; this increase — some 50 per cent — followed upon a general decline in production largely due to plant disease. Crop failures have affected production figures on several occasions: 1965 in British Columbia, Quebec and New Brunswick, 1969 in British Columbia and 1970 in the Atlantic Provinces. By 1971, total Canadian production had reached 45.4 million pounds.

In British Columbia the Northwest variety predominates whereas east of Manitoba the Redcoat variety is dominant.

Regional production is now roughly divided into about one-third in British Columbia, one-third in Ontario, 20 per cent in Quebec and 15 per cent in the Atlantic Provinces.

Of total Canadian production, some 60 per cent is sold for direct consumption as fresh strawberries and some 40 per cent is sold in fresh or frozen form for processing. Of the large increase in production in more recent years, some 70 per cent was absorbed in the fresh market, sales to the fresh market increasing by 47 per cent and those to the processing market by only 26 per cent.

Production for the fresh market is predominantly in Ontario and Quebec; of total consumption in this market, Ontario produced about one-half and Quebec nearly one-third; indeed, in the last decade production for this purpose has more than doubled in Ontario and risen by some two-thirds in Quebec.

In the processing market, in the same decade, British Columbia's share has risen from nearly 60 per cent to nearly 85 per cent whereas Ontario's share has dropped from about 17 per cent to just over one per cent; the share of both Quebec and the Atlantic Provinces, in the same period, each diminished by about 40 per cent.

In Quebec and Ontario, the availability of a processing market is probably of importance to growers; however, neither province's output is directed to this market by growing varieties well suited to it.

Consequently, the processing market is of greatest importance to producers in British Columbia and much less so to producers in the other provinces.

In all Canada, the average yield per acre increased, between 1961 and 1970, from about 4,200 pounds to nearly 6,000 pounds. In this period, the yield per acre appears to have almost doubled in Quebec, to have increased by some 60 per cent in Ontario, to have remained relatively stable in British Columbia and, for the provinces of Quebec, Ontario and British Columbia jointly, to have increased by roughly a little over one-half; the data for the Atlantic Provinces are insufficient for a judgment in this regard.

The actual yield per acre is highest in British Columbia; in recent years the yield in Ontario has been higher than in Quebec or in the Atlantic Provinces.

Average yields mask considerable differences between individual growers sharing other considerable similarities. Of course, the yield per acre has a marked effect upon a grower's returns — gross and net. There is a tendency for yields to increase with size of acreage.

In British Columbia, the largest group of growers is those with small acreage; they are not dependent on strawberry growing for the major source of their income.

Production and Yields in U.S.A. and Mexico

Average Canadian yields are less than those in the U.S.A.; however, this fact is misleading because if California is excluded from the U.S. data, average yields in Canada generally exceed those in the U.S.A. California occupies a quite unique position because of extremely high yields and production. The California output is generally for the fresh market in the U.S.A. and in Canada before and after domestic strawberries are available. Normally California strawberries are not competitive with Canadian berries for processing, though some have been imported when the British Columbia crop has been inadequate; the states providing this competition are rather Washington, Oregon and Michigan.

Yields in Mexico, ranging from 13,000 to 18,000 pounds per acre, are higher than anywhere in North America, except California where they exceed 30,000 pounds per acre. Some 60 per cent of the Mexican crop appears to be sold to be processed into frozen strawberries for export; some 30 per cent is exported as fresh strawberries and some 10 per cent is consumed domestically. Mexican fresh exports go mostly to the U.S.A.; this is also true of frozen exports, but of these, some go to Canada and other countries. In Mexico, strawberries are ordinarily harvested from October to May.

Estimated Costs of Strawberry Production

On behalf of growers in British Columbia, Ontario, Quebec, New Brunswick and Nova Scotia, data on the cost of producing strawberries were laid before the Board. Because the data for each group varied in form, the various data are not necessarily comparable.

In various tables the Board has sought to provide some comparisons of costs to growers in the various regions. Adjustments have been attempted to establish comparability. These adjustments are given in detail in the Report.

Though the costs presented to the Board varied in many constituent elements, those given below with certain adjustments, relate to 1971 and include the value of the grower's labour and a return on his investment.

In British Columbia, the estimated average cost of producing strawberries for processing, based on a yield of 10,000 pounds per acre, and a four-year cycle of which the first year is non-productive, appears to be 17.2 cents per pound; adjustments for yield would adjust the cost to 17.9 cents at 9,000 pounds, 16.5 at 11,000 pounds and 16.0 at 12,000 pounds. Of these costs, harvesting costs vary from 59 per cent at a yield of 9,000 pounds per acre to 65 per cent at a yield of 12,000 pounds per acre.

The British Columbia figures are based on the costs of custom work for the various operations whereas the Ontario figures are based on a survey of growers; another difference is pricing of materials at their retail price in the British Columbia figures and their pricing at actual cost in those of Ontario; furthermore the Ontario figures are based on a two-crop cycle instead of a three-crop one to conform to local practice.

In Ontario, using an average yield of 7,391 pounds per acre, the estimated cost of production of strawberries, for processing, on a two-crop cycle is 15.7 cents per pound and on a three-crop cycle, 15.6 cents per pound; the comparable costs for the fresh market are 21.9 cents a pound for a two-crop cycle and 21.2 cents a pound for a three-crop cycle. The Ontario figures were given for 1967 and 1968; comparability would probably require an increase of 15 per cent to allow for the increase in costs over the intervening years; the figures given above include such increases. The adjusted Ontario costs may have been offset in part by the increase in yield per acre in the intervening years.

A further distinction between British Columbia and Ontario is that the British Columbia crop is almost entirely destined to the processing market while that of Ontario is destined almost entirely to the fresh market.

The Quebec costs presented to the Board, based on data from a sample of fifteen growers surveyed in 1970 and 1971, provided a comparison between the costs for each of the two markets: fresh and processing. The costs for both markets are much the same until harvest; harvesting costs are less for strawberries destined to the processing market than for strawberries destined to the fresh market. Because the original Quebec data were presented upon the increasingly rare basis of a one-crop cycle, they were adjusted to the more common, two-crop cycle. Production costs in Quebec for the fresh market on a two-crop cycle are 18.4 cents per pound and on a three-crop cycle, 17.8 cents per pound; for the processing market, the costs drop to 13.7 and 13.2 cents per pound, respectively.

The figures for Nova Scotia for strawberries destined to the fresh market on a two-crop cycle are 20.9 cents per pound and on a three-crop cycle, 20.4 cents per pound; for the processing market the costs fall to 15.4 and 14.9 cents per pound, respectively.

The New Brunswick costs of producing strawberries for the fresh market were very close to those of Nova Scotia at 20.7 cents a pound in the two-crop cycle and 19.5 cents a pound for the three-crop cycle. However, the provincial costs of producing strawberries for processing were more comparable with those of Quebec, at 14.3 cents a pound in the two-crop cycle and 13.1 cents a pound in the three-crop cycle.

From a comparison of these costs, certain conclusions may be drawn. In dollars per acre, pre-harvest costs are highest in British Columbia by a substantial margin, 62 per cent more than in Ontario, the province with the second highest pre-harvest costs; 34 per cent of this increment is in fertilizer and pesticide costs and almost one-third, in the cost of crop insurance. Surprisingly, the same costs in Nova Scotia exceed those in Quebec, approaching those in Ontario. Because the pre-harvest operations vary but little on a regional basis, it is hard to account for the much higher pre-harvest costs in British Columbia and were the cost data adjusted to greater comparability, it is probable that the costs in British Columbia would decline by at least one cent per pound of strawberries.

Harvesting and marketing costs are lower for strawberries destined to the processing market than for those destined to the fresh market; it is also clear that there are economies in the three-crop or four-year cycle. The yield per acre appears to be larger when strawberries are sold for processing, perhaps because strawberries which are unsuited for fresh market sale can be used by processors.

It is important to note that the costs of harvesting strawberries for processing in British Columbia apply to berries which are hulled in picking; in all other provinces the costs are for berries with hulls still attached; it would cost about four cents a pound to remove the hulls before processing.

Strawberry production is a labour intensive enterprise; at harvest time it makes heavy, short-term demands on local labour and as such labour tends to be available mainly in towns or cities, the growing areas tend to be close to these supplies.

Except in British Columbia, strawberry production generally tends to be part of a mixed farming operation making use of existing equipment and labour.

The figures submitted to the Board show curious variations in the hours of labour in the growth of strawberries.

In British Columbia strawberry acreages tend to be much larger than in the other provinces; for a twenty-acre enterprise in this province, equipment with a replacement value of some \$16,000 appears to be required; elsewhere much of this equipment would be available on the farm for which strawberry production is not the principal enterprise.

The Processed Strawberry Industry

The Products

In Canada, the two principal products made from fresh strawberries are frozen strawberries and strawberry jams; smaller quantities of fresh strawberries are used for canning and for wine.

Large quantities of fresh strawberries are preserved by freezing for use in producing jams, ice-cream and other food products or for direct use in institutions and restaurants.

The major frozen consumer pack is the 15-ounce "canco" of sliced strawberries with 20 per cent of sugar; it is also available in 20-ounce and 2-pound packages. Another consumer product, of less importance, is the I.Q.F. (individually quick frozen) pack of strawberries; the I.Q.F. strawberries are usually packaged in 2-pound polyethylene bags for retail sale.

For institutional use, the 30-pound pail is the most important container for 4 + 1, whole or sliced strawberries; this is also the principal container for frozen 4 + 1 or I.Q.F. strawberries in international trade, in North America. A small part of the Canadian I.Q.F. pack is frozen in 10-pound and 20-pound packages for institutional use.

Canned strawberries are packed mainly in 10 or 14 fluid ounce cans.

For both canning and I.Q.F. strawberries, only sound, firm strawberries are used.

For pure strawberry jam, fresh strawberries are preferred; for pectin and compound jams, the manufacturer is usually influenced mainly by the relative cost of fresh or preserved strawberries.

The Industry

Because British Columbia is the only province with a sufficient supply of strawberries suitable and available for freezing, domestic frozen strawberries originate largely in that province. The similar availability of strawberries for jams or other processing also makes of British Columbia a substantial producer of jams and canned strawberries.

A large proportion of the Canadian production of jams, toppings and fillings is made from strawberries which have been frozen or preserved in SO_2 ; a large percentage of such strawberries is imported, mainly in frozen form, for use by eastern Canadian processors though, in both Quebec and the Atlantic Provinces, local fresh strawberries are also used by them. Ontario growers sell very little for processing, most of which is probably canned.

Frozen Strawberries

Normally some 90 per cent of the frozen strawberries produced in Canada originates in British Columbia; nearly all the remainder is produced in the Atlantic Provinces and Ontario; some small amounts are frozen in Quebec.

In 1971, in millions of pounds, the average production per plant was 0.251 in the Atlantic Provinces, 0.321 in Central Canada and 1.167 in British Columbia. All the plants which freeze strawberries also freeze other foods and a few also make cooked products. Were the plants to depend on domestic strawberries, they would operate only for four to six weeks annually.

In British Columbia, the most important domestic source of frozen strawberries, growers contract to deliver to processors the total crop from a specified acreage and the processors contract to purchase at prices negotiated between growers and processors under provincial marketing legislation. In other provinces there are also usually contractual arrangements between growers and processors.

Canned Strawberries

Canned strawberries are produced mainly in British Columbia; Ontario is the only other province in which strawberries have been canned in recent years. In pounds of fruit, over the last decade, production has averaged a little over 1,800,000 pounds annually; of this production, some 80 per cent has been in British Columbia. In ordinary crop years, about 11 per cent of the sales of fresh strawberries to processors appears to be for canning.

Jams and Related Products

Because strawberry jam tends to deteriorate after some months, it is usually produced throughout the year. Consequently, pure jams made from fresh strawberries are made mainly during the local harvest season and mostly in British Columbia where large supplies are available. Some 25 per cent of the B.C. strawberries used for jam appear to be fresh strawberries; the remaining strawberries used in Canada for jam would be preserved, almost entirely in the form of frozen, sugared strawberries.

There is a dearth of data concerning the manufacture of cooked strawberry products in Canada. However, it does seem that these products such as jams, jellies, toppings and spreads range in the vicinity of 50 million pounds annually thus representing a demand for something in the vicinity of 16 million pounds of strawberries most of which would be in the frozen form.

Imports

Between 1966 and 1970, strawberry imports averaged some 29 million pounds annually; some 60 per cent were fresh strawberries and the remainder, frozen ones. In addition an average of just over two million pounds of strawberries in sulphur dioxide were probably imported annually.

The average value for duty of all imports was some \$7.3 million annually divided into \$4.3 million for the fresh, \$2.7 million for the frozen and \$0.3 million for the strawberries in sulphur dioxide; these values represent 24.4 cents, 23.8 cents and 14.7 cents per pound of contained strawberries respectively.

Net imports, total imports less exports, averaged just over 40 per cent of domestic disappearance for the five-year period, 1966 to 1970.

During the decade of the 1960's, imports of fresh strawberries increased in the early part and declined later to a level only slightly higher than at the beginning of the decade. Imports of frozen strawberries increased substantially between the periods 1956-60 and 1966-70 but without exhibiting any particular trend in the period 1966-71.

From 1956 to 1971, domestic disappearance rose from about 46 million pounds to 72 million pounds, or by 26 million pounds whereas imports increased by only seven million pounds and, therefore, supplied only one quarter of the increased demand. Thus it is clear that the increase in Canadian production was nearly three times as large as imports, in this period. Exports also increased between 1956 and 1971 and net imports declined from an average of 47 per cent of disappearance in the period 1956-60 to 40 per cent in the period 1966-70.

Imports of Fresh Strawberries

Imports of fresh strawberries are almost entirely from the U.S.A.; only once in the last fifteen years did the U.S.A. supply less than 95 per cent of these imports. Mexico is the most important supplier for the remainder. Of the imports of fresh strawberries, in recent years, some 90 per cent have been imported for use in the fresh state.

Current imports range around 19 million pounds annually with a value for duty of some \$4.5 million.

Average annual imports have declined somewhat over the past fifteen years though imports in 1968 and 1970, two fairly average years, are of much the same order of magnitude of those in the early 1960's. During the same fifteen years, Canadian consumption of strawberries in the fresh state rose from 24 million to 40 million pounds, an increase of 16 million pounds or 69 per cent. In the result imports now supply a little over one-third of this market whereas they supplied just over one-half in the late 1950's.

Imports of fresh strawberries for processing appear to follow much the same patterns as those for use in the fresh state though the quantities are much smaller; recent imports range between 1.1 and 2.5 million pounds annually, in normal years.

Quebec and Ontario now account for more than 60 per cent of total fresh imports. The Prairie Provinces, almost totally dependent on imports, account for about 22 per cent.

Most imports of fresh strawberries are entered during the four-month period April to July, with nearly 60 per cent being entered in May and June. Imports decline sharply during the period of availability of domestic fresh strawberries except for the Prairie Provinces; during this period they are virtually non-existent in eastern markets.

Imports of Frozen Strawberries

Over the last fifteen years, imports of frozen strawberries have increased substantially, from an annual average of 7.6 million pounds in the late 1950's to an annual average of 14 million pounds in the late 1960's. Over the same fifteen year period there was also a marked change in the origin of such imports; in the late 1950's the U.S.A. supplied 69 per cent and in the late 1960's, only 9.5 per cent while those from Mexico rose from 20 per cent to 82 per cent; Poland is the major supplier of the remaining eight per cent.

In general, consumer packages of frozen strawberries are almost entirely of Canadian origin. The imports are nearly always used for re-processing into jams or other products.

During the past decade, the Canadian disappearance of frozen strawberries has increased by 5.7 million pounds; larger Canadian production has supplied 38 per cent of this increase and imports, 62 per cent; consequently imports, as a percentage of domestic disappearance, have risen from an average of 44 per cent in the early sixties to 48 per cent in the late sixties.

Of the Canadian production of frozen strawberries, at most 2.0 to 2.5 million pounds, or about 15 per cent of the total, is put up in 30-pound pails, the package used for most imports; thus it seems that the real competition of imports is in the area of this 15 per cent of Canadian production.

Nearly 80 per cent of the imports of frozen strawberries are entered in Ontario and Quebec and most of the remainder in British Columbia. The large imports in Ontario and Quebec reflect the small local supplies in these provinces whereas the relatively large imports in British Columbia suggest that the local supply falls short of meeting the demand.

Prices of Strawberries

Strawberries sold for consumption in the fresh state are sold in either pint or quart boxes, packed in cartons containing eight or 16 quart boxes or 12 pint boxes; the cost of these containers adds to the wholesale price of such strawberries. Generally, the strawberry for fresh use is apt to be of a higher quality than for processing use. Furthermore, only small quantities of imported fresh strawberries are available during the domestic harvest season. Finally the landed cost of imported frozen strawberries tends to impose a ceiling on the prices paid for all domestic strawberries sold for processing.

These factors combine to produce a better return for strawberries sold for fresh use than for those sold for processing.

Over the last decade, average unit returns to growers have risen by 19 per cent in the processing market and by 31 per cent in the fresh market; in the result the premium on sales for fresh use has doubled. There are regional variations in the premium which tends to be lower in the Atlantic Provinces and Quebec than in Ontario and British Columbia. For all Canada it was 4.9 cents per pound on the average in the period 1966-70, representing the difference between an average return of 23.7 cents in the fresh market and 18.8 cents in the processing market, or some 25 per cent. In Ontario the premium, in the same period, reached 7.0 cents or 40 per cent more than the returns on sales to the processing market. This largely explains the marked increase, in recent years, of the proportion sold in that province to the fresh market.

Strawberries for Fresh Use

In most years the marketing of domestic fresh strawberries begins in mid-June, reaches a peak at the end of June and is finished by the end of July; during the last four years, the supply in the second week of June averaged 9,000 pounds, in early July it was about 2.5 million pounds and in the last week of July it was only 50,000 pounds. The prices tend, of course, to vary inversely with the supply. Imports have little influence in this market and, because of their price, would tend to enhance rather than depress domestic prices.

Fresh Strawberries for Processing

Lower costs of containers, savings in costs of packing and a lower average quality of strawberries contribute to making strawberries imported for processing cheaper than those imported for fresh use; however, in most years, the import is more expensive than the domestic fresh strawberry for the processing market; since the mid-sixties, the cost of both has been substantially higher. For the processing market, in recent years, fresh strawberries imported have varied from 1.1 to 2.7 million pounds whereas domestic production has been used to the extent of 15 to 18 million pounds; the small volume and higher cost of the imports suggest that they have been used to supplement domestic supplies.

Effect of Imports of Frozen Strawberries on Prices

There are no published prices for frozen strawberries, domestic or imported; though the landed cost of imports can be calculated from published statistics, no data are available for comparable calculations for domestic frozen strawberries.

In recent years, 75 to 94 per cent of imported frozen strawberries have been from Mexico; duties of Customs amount to two cents per pound and freight to central Canada, with brokerage and other minor expenses, would amount to about three cents per pound thus adding about five cents per pound to the value for duty. In British Columbia, because of lower freight costs, the additional cost would be some 4.5 cents per pound.

Between 1966 and 1970, the average landed cost of all imports of frozen strawberries appears to have been between 22.8 and 27.4 cents per pound; in this period, the imports from Mexico appear to have had landed costs between 22.3 and 24.5 cents per pound. In 1971, the average landed cost of imports from Mexico declined to between 20.3 and 21.3 cents a pound.

Canadian producers have certain advantages: ability to supply on short notice, known quality of product, flexibility of conditions of sale and availability in smaller quantities. Nevertheless, the landed cost of imports tends to limit the maximum price available to such domestic producers.

A "processor's margin" may be calculated by subtracting the value of the appropriate quantity of domestic fresh strawberries used for a given pack from the landed value of the imported frozen strawberries. Such calculations suggest a margin of 8.5 to 10.0 cents per pound in British Columbia, 10.0 cents per pound in Quebec and 10.5 cents per pound in Ontario, for the 4 + 1 frozen strawberries in 30-pound containers.

In British Columbia, the largest centre of Canada production of frozen strawberries, two-thirds of the purchases of fresh strawberries for freezing, in 1971, were packed in 15-ounce consumer packages or in cans; both of these products are relatively high-priced and are not imported in significant amounts. In the result, the price which British Columbia processors would be prepared to pay for fresh strawberries for freezing may be higher than if their output was mainly in the 30-pound pack such as is imported from Mexico.

The Situation in 1970 and 1971

Current Canadian production of 42 to 45 million pounds of strawberries per year is a very small part of the total North American output. As a result, the size of the frozen pack in the U.S.A. and Mexico and the level of stocks of frozen strawberries in storage in the U.S.A. can have significant effects on prices of Canadian frozen strawberries and on returns to Canadian growers from sales of strawberries for processing.

Stocks of frozen strawberries in the U.S.A. increased from the preceding year's levels in the spring of 1970: at May 1 they were 22 million pounds larger than in the corresponding month of 1969; by August 1, 1970, they were 48 million pounds higher than at the same date in 1969. Between May 1970 and April 1971, U.S. stocks were about 20 to 25 per cent higher than in the corresponding months of the preceding year.

This accumulation of frozen strawberries in storage resulted from unusually large crops in Mexico in 1969 and 1970 and consequent large exports of frozen strawberries to the U.S.A.

Although Canadian stocks of frozen strawberries were also above average in size during most of 1970 and the first few months of 1971, the Canadian market was affected mainly by the large inventories in the U.S.A. U.S. stocks reached a peak of 239.5 million pounds, at August 1, 1970; at their peak, on September 1, 1970, Canadian stocks totalled only 21.4 million pounds, less than 10 per cent of the U.S. peak inventory.

Prices of bulk frozen Mexican strawberries declined as inventories increased. Although Canadian imports did not increase significantly, the value for duty of Canadian imports from Mexico fell from an average of 19.0 cents a pound in the second quarter of 1970 to 16.3 cents a pound in the third and fourth quarters of the year; the average value for duty in the first six months of 1971 declined further, to 15.7 cents a pound.

Prices of Canadian bulk frozen strawberries also declined during this period in order to meet the competition of imports for re-processing and institutional use.

Thus, inventories of frozen strawberries were unusually large and prices unusually low during the early months of 1971, when Canadian growers and processors were entering into the negotiation of the prices which would be paid to growers for the 1971 crop of strawberries for processing. In view of the situation, British Columbia growers, supported by growers in other parts of Canada, made representations to the Government which resulted in the application of a surtax on fresh and frozen strawberries imported into Canada.

The Surtax Order came into effect May 22, 1971. The Order made fresh and frozen strawberries subject to a surtax equal to the difference between the prices specified in the Order and the export price of such strawberries, if lower, in addition to the duties otherwise established; the prices specified were 19.4 cents a pound for

fresh strawberries, 22.5 cents a pound for I.Q.F. strawberries, and 18.5 cents a pound for frozen strawberries not individually quick frozen.

The surtax on fresh strawberries was removed, effective July 21, 1971, and on all frozen strawberries, effective August 19, 1971.

Beginning around May of 1971, North American inventories of frozen strawberries declined from year-earlier levels and prices strengthened as the year progressed. In addition, the B.C. crop was below average in size.

Thus, by the beginning of 1972, storage stocks in both the U.S.A. and Canada were about average in size and prices had risen substantially above the depressed levels of the preceding year. Press reports early in 1972 indicated that the Mexican pack of frozen strawberries from the 1971-72 crop had been almost entirely sold or committed and that this had had "a decidedly strengthening effect" on prices of U.S. strawberries.

CONCLUSIONS

In normal circumstances, it appears that the strawberry growing industry in Canada is viable; it varies in nature and extent regionally as do, consequently, the reasons for its viability.

Despite occasional setbacks arising from production problems, crop failure and suddenly acute foreign competition, the industry has experienced rapid growth during the years covered by this Report. There is little evidence that such growth will not continue in the foreseeable future.

Present indications point to a continuing development in production both for the fresh and the processing sectors. Prospects appear better for an expanded market and a larger return for central and eastern Canadian growers of strawberries for fresh use than for those growers anywhere in Canada for the processing market.

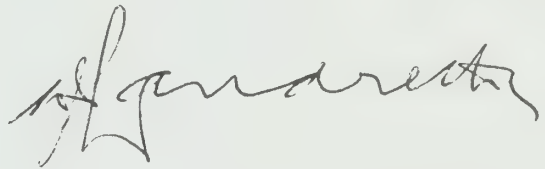
In British Columbia, a variety is grown which is suitable for processing and the annual crop is almost entirely destined to the processing industry. Over the last fifteen years the British Columbia growing industry has demonstrated its viability; apart from 1971, it has not suffered from unduly low prices; indeed, the high yields obtained by growers in British Columbia have allowed them to compete successfully with other Canadian growers for the processing market notwithstanding much higher costs for items such as land and labour. The large market which now exists for strawberries for processing in British Columbia is likely to continue; however, it may be affected by developments in central or eastern Canada such as the frequency of severe competition in these regions, particularly from Mexican frozen strawberries.

In Quebec and Ontario, growers produce a variety more suited to the fresh market and direct their efforts to this market which gives them higher returns than would the processing market. It would, of course, be a source of convenience to them to have an outlet for any surplus in the processing market but the needs of the processors make this unlikely on a large scale.

The situation in the Atlantic Provinces is somewhat akin to that in Ontario and Quebec. However, certain advantages such as climate, cheaper land, lower wages, do suggest possible room for expansion in the processing market, particularly in consumer packages.

There seems little doubt that imports of frozen strawberries from Mexico are likely to continue, but not at the prices prevalent in 1971.

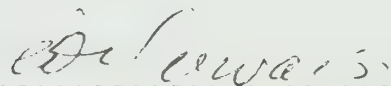
The former Chairman of the Board participated in the preparation of this Report and has authorized the expression of his concurrence.



First Vice-Chairman



Second Vice-Chairman



Member



Member

Ottawa, April 26, 1972

APPENDIX I
ANNEXE I

STATISTICS
STATISTIQUE

STATISTICS
STATISTIQUE

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Table 1
Tableau 1

Domestic Disappearance of All Strawberries, 1956-1971
Disparition domestique des fraises, 1956-1971

Year Année	<u>Production</u>	<u>Imports (a)</u> Importations ^{a)}	<u>Total Supply</u> Approvisionnement total	<u>Exports (b)</u> Exportations ^{b)}	<u>Domestic Disappearance(c) Disparition domestique(c)</u>
thousand pounds of fruit - milliers de livres de fruit					
1956	24,302	21,728	46,030	217	45,813
1957	21,815	24,319	46,134	40	46,094
1958	31,602	27,237	58,839	65	58,774
1959	28,309	26,531	54,840	96	54,744
1960	33,876	24,511	58,387	276	58,111
1961	30,112	31,748	61,860	177	61,683
1962	31,213	28,115	59,328	128	59,200
1963	30,735	27,058	57,793	209	57,584
1964	35,990	28,739	64,729	666	64,063
1965	22,103	30,322	52,425	486	51,939
1966	41,183	24,471	65,654	1,116	64,538
1967	43,881	24,547	68,428	1,339	67,089
1968	44,062	26,125	70,187	1,556	68,631
1969	35,945	38,683	74,638	2,165	72,463
1970	42,647	30,498	73,145	2,030	71,115
1971	45,401	29,409	74,810	2,000(d)	72,810

Table 1 (Concl'd)
Tableau 1 (Fin)
Domestic (c)
Disappearance (c)
Disparition (c)
domestique

Year Année	Production Production	Imports (e) Importations e)	Total Supply Approvisionnement total	Exports (b) Exportations b)	Domestic (c) Disappearance (c) Disparition (c) domestique
		thousand dollars - milliers de dollars			
1956	4,275	5,934	10,209	43	10,166
1957	3,776	5,388	9,164	10	9,154
1958	5,264	6,360	11,624	16	11,608
1959	4,711	6,609	11,320	22	11,298
1960	5,734	6,097	11,831	42	11,789
1961	5,318	7,469	12,787	44	12,743
1962	5,701	7,023	12,724	28	12,696
1963	5,612	6,951	12,563	52	12,511
1964	6,819	7,644	14,463	140	14,323
1965	5,392	8,780	14,172	117	14,055
1966	8,809	7,429	16,238	257	15,981
1967	8,780	7,062	15,842	311 (d)	15,531
1968	9,778	7,477	17,255	404 (d)	16,851
1969	8,167	11,237	19,404	519 (d)	18,885
1970	9,668 (d)	8,781	18,449	492 (d)	17,957
1971	9,669 (d)	8,171	17,840	480	17,360

- (a) Imports of frozen strawberries converted at .81 lb. berries per pound of product; excludes strawberries in SO₂
- a) Importations des fraises congelées converties à .81 liv. de baie par livre de produit; exclut fraises dans SO₂
- (b) Beginning in 1964, mainly unloads at major U.S. markets
- b) A compter de 1964, principalement les déchargements aux principaux marchés des Etats-Unis
- (c) Not adjusted for inventory changes (d) Partly estimated d) Estimation partielle
- c) Sans ajustement aux variations des stocks (e) Approximate landed cost, including duty
- e) Prix approximatif au débarquement, droits inclus

Source: S.C. cat. no. 22-003, 65-007, 65-202; U.S.D.A. "Fresh Fruit and Vegetable Unloads;" U.S. Department of Commerce, Bureau of the Census, cat. no. FT 135

Source: S.C. nos 22-003, 65-007, 65-202 du cat.; U.S.D.A. "Fresh Fruit and Vegetable Unloads;" U.S. Department of Commerce, Bureau of the Census, n° FT 135 du cat.

Production of Strawberries, by Province, 1958-1971
Production des fraises, par province, 1958-1971

Year Année	British (a) Columbia Colombie Britannique ^{a)}	Ontario Ontario	Quebec Québec	New Brunswick Nouveau - Brunswick	Nova Scotia Nouvelle - Ecosse	P.E.I. I.-P.-E.	Canada Canada
'000 pounds - en milliers de liv.							
1958	10,156	8,568	7,875	1,250	2,185	1,568	31,602
1959	9,310	7,735	8,190	750	1,511	813	28,309
1960	7,395	11,449	8,125	1,875	2,869	2,163	33,876
1961	8,004	9,983	5,125	1,750	2,875	2,375	30,112
1962	10,382	7,486	8,095	1,250	2,250	1,750	31,213
1963	10,598	5,626	8,198	1,875	2,500	1,938	30,735
1964	11,808	9,994	6,875	2,500	2,750	2,063	35,990
1965	4,015	9,476	2,490	1,625	2,500	2,000	22,103
1966	16,880	9,615	9,063	1,625	2,625	1,375	41,183
1967	16,466	10,040	8,750	2,875	3,625	2,125	43,881
1968	16,210	11,051	9,500	2,863	3,125	1,313	44,062
1969	5,080	12,296	11,375	2,131	3,000	2,063	35,945
1970	15,666	13,741	8,750 ^(a)	1,000 ^(a)	2,250	1,240	42,647
1971	13,900	14,238	9,788 ^(a)	2,500 ^(a)	2,875	2,100	45,401

Table 2 (Cont'd)
Tableau 2 (Suite)

Year <u>Année</u>	British (a) Columbia Colombie ^{a)} <u>Britannique</u>	Ontario <u>Ontario</u>	Quebec <u>Québec</u>	New Brunswick Nouveau- <u>Brunswick</u>	Nova Scotia Nouvelle- <u>Ecosse</u>	P.E.I. <u>I.-P.-E.</u>	Canada <u>Canada</u>
			\$'000 - milliers de \$				
1958	1,455	1,490	1,386	220	437	276	5,264
1959	1,557	1,409	1,114	168	320	143	4,711
1960	1,316	1,903	1,300	375	459	381	5,734
1961	1,308	1,750	1,025	364	529	342	5,318
1962	1,774	1,388	1,483	280	468	308	5,701
1963	1,825	1,088	1,538	375	460	326	5,612
1964	1,899	2,059	1,408	540	550	363	6,819
1965	1,105	2,252	799	364	520	352	5,392
1966	3,258	2,169	2,172	403	567	240	8,809
1967	2,777	2,433	1,960	552	667	391	8,780
1968	3,192	2,831	2,187	641	675	252	9,778
1969	1,414	2,961	2,266	563	672	363	8,167
1970 ^(b)	3,313	3,259	1,956 ^(a)	288 ^(a)	584	258	9,668
1971	2,363	3,417	2,044	701	661	483	9,669

Table 2 (Concl'd)
Tableau 2 (Fin)

Year <u>Année</u>	British (a) Columbia Colombie <u>Britannique^{a)}</u>	Ontario <u>Ontario</u>	Quebec <u>Québec</u>	New Brunswick Nouveau- <u>Brunswick</u>	Nova Scotia Nouvelle- <u>Ecosse</u>	P.E.I. <u>I.-P.-E.</u>	Canada <u>Canada</u>
			ø per lb. - ø la liv.				
1958	14.3	17.4	17.6	17.6	20.0	17.6	16.7
1959	16.7	18.2	13.6	22.4	21.2	17.6	16.6
1960	17.8	16.6	16.0	20.0	16.0	17.6	16.9
1961	16.3	17.5	20.0	20.8	18.4	14.4	17.7
1962	17.1	18.5	18.3	22.4	20.8	17.6	18.3
1963	17.2	19.3	18.8	20.0	18.4	16.8	18.3
1964	16.1	20.6	20.5	21.6	20.0	17.6	18.9
1965	27.5	23.8	32.1	22.4	20.8	17.6	24.4
1966	19.3	22.6	24.0	24.8	21.6	17.5	21.4
1967	16.9	24.2	22.4	19.2	18.4	18.4	20.0
1968	19.7	25.6	23.0	22.4	21.6	19.2	22.2
1969	27.8	24.1	19.9	26.4	22.4	17.6	22.7
1970	21.1	23.7	22.4 ^(a)	28.8	26.0	20.8	22.7
1971	17.0	24.0	20.9 ^(a)	28.0 ^(a)	23.0	23.0	21.3

(a) Provincial data
a) Relevé provincial
(b) Partly estimated
b) Estimation partielle

Source: S.C. Cat. No. 22-003
Source: S.C. n° 22-003 du cat.

Table 3
Tableau 3

	Atlantic Provinces Provinces de l'Atlantique	Quebec Québec	Ontario ^(a) Ontario	British Columbia ^(a) Colombie Britannique ^{a)}	Canada Canada	B.C. as % of Canada C.-B. en % du Canada
				thousand dollars - milliers de dollars		
1958			506	1,237	2,203	56.2
1959	460		315	1,264	2,190	57.7
1960	611		523	1,013	1,738	58.3
1961	202		510	997	2,066	48.3
1962	559	145	355	1,442	2,177	66.2
1963	235	201	289	1,501(b)	2,460	61.0
1964	469	427	352	1,594	2,612	61.0
1965	239	100	310	648	1,460	44.4
1966	402	124	234	2,890	3,629	79.6
1967	381	206	45	2,445	2,997	81.6
1968	301	209	73	2,832	3,405	83.2
1969	291	351	101	1,002	1,732	57.9
1970	278	188	48	2,832(b)	3,297	85.9
1971	229	147	..	2,063	..	..
	..					

Table 3 (Concl'd)
Tableau 3 (Fin)

	Atlantic Provinces <u>Provinces de l'Atlantique</u>	Quebec <u>Québec</u>	Ontario ^(a) <u>Ontario</u>	British Columbia ^(a) <u>Colombie Britannique</u>	Canada <u>Canada</u>	B.C. as % of Canada <u>C.-B. en % du Canada</u>
			cents per pound - cents la livre			
1958		18.2	12.8	13.7	14.2	58.1
1959		15.7	13.0	16.0	15.4	55.6
1960		12.8	13.7	16.9	15.3	52.6
1961		17.3	16.0	15.3	16.0	50.3
1962			15.7	16.2	16.2	66.1
1963			15.2	16.4	17.2	63.9
1964	18.2	14.5	18.3	15.5	16.4	64.4
1965	23.7	15.5	21.4	26.0	21.3	36.4
1966	17.8	17.7	17.7	18.7	18.6	79.5
1967	16.6	20.4	14.8	16.1	16.5	83.9
1968	20.9	14.4	17.1	19.0	18.8	82.1
1969	17.7	22.4	16.4	25.7	22.5	50.6
1970	19.3	15.9	23.9	20.0	19.7	84.5
1971	19.6	18.3	..	16.5	..	..
	16.8	13.0				
	..					

(a) Provincial data

a) Relevé provincial

(b) Partly estimated

b) Estimation partielle

Source: S.C. Cat. no. 22-003 and Provincial Publications

Source: S.C. n° 22-003 du catalogue et publications provinciales

Table 4
Tableau 4

Sales of Strawberries for Fresh Use^(a), by Province, 1958-1971
 Ventes des fraises destinées au marché frais^{a)}, par province, 1958-1971

<u>Year</u>	<u>Atlantic</u> <u>Provinces</u>	<u>Québec</u>	<u>Ontario</u> ^(b)	<u>British</u> <u>Columbia</u> ^(b)	<u>Canada</u>
<u>Année</u>	<u>Provinces de</u> <u>l'Atlantique</u>	<u>Quebec</u>	<u>Ontario</u> ^{b)}	<u>Colombie</u> <u>Britannique</u> ^{b)}	<u>Canada</u>
	thousand pounds - milliers de livres				
1958		10,347	4,616	1,147	16,110
1959		7,374	5,310	1,409	14,093
1960		13,453	7,627	1,411	22,491
1961		8,895	6,795	1,506	17,196
1962	3,956	7,097	5,222	1,501	17,776
1963	4,335	6,905	3,722	1,432	16,394
1964	5,969	4,467	8,070	1,525 ^(c)	20,031
1965	3,710	2,000	8,029	1,525	15,264
1966	3,806	8,204	8,292	1,406	21,708
1967	6,924	7,831	9,735	1,251	25,741
1968	5,793	8,189	10,625	1,329	25,936
1969	5,774	9,612	11,679	1,183	28,248
1970	3,125	7,725	13,540	1,509	25,899
1971	..	8,653 ^(b)	..	..	..
	thousand dollars - milliers de dollars				
1958		1,859	984	218	3,061
1959		1,134	1,094	293	2,521
1960		2,313	1,380	303	3,996
1961		1,701	1,240	311	3,252
1962	821	1,338	1,033	332	3,524
1963	692	1,337	799	324	3,152
1964	1,214	981	1,707	305 ^(c)	4,207
1965	834	699	1,942	457	3,932
1966	829	2,048	1,935	368	5,180
1967	1,309	1,754	2,388	332	5,783
1968	1,277	1,978	2,758	360	6,373
1969	1,320	1,915	2,860	412	6,507
1970	911	1,768	3,211	482	6,372
1971	..	1,897 ^(b)	..	..	..

Table 4 (Concl'd)
Tableau 4 (Fin)

<u>Year</u>	<u>Atlantic</u> <u>Provinces</u>	<u>Quebec</u>	<u>Ontario</u> ^(b)	<u>British</u> <u>Columbia</u> ^(b)	<u>Canada</u>
<u>Année</u>	<u>Provinces de</u> <u>l'Atlantique</u>	<u>Québec</u>	<u>Ontario</u> ^{b)}	<u>Colombie</u> <u>Britannique</u> ^{b)}	<u>Canada</u>
		cents per pound - cents la livre			
1958		18.0	21.3	19.0	19.0
1959		15.4	20.6	20.8	17.9
1960		17.2	18.1	21.5	17.8
1961		19.1	18.3	20.7	18.9
1962	20.8	18.9	19.8	22.1	19.8
1963	16.0	19.4	21.5	22.6	19.2
1964	20.3	22.0	21.2	20.0 ^(c)	21.0
1965	22.5	35.0	24.2	30.0	25.8
1966	21.8	25.0	23.3	26.2	23.9
1967	18.9	22.4	24.5	26.5	22.5
1968	22.0	24.2	26.0	27.1	24.6
1969	22.9	19.9	24.5	34.8	23.0
1970	29.2	22.9	23.7	31.9	24.6
1971	..	..	..	..	..

(a) Total production minus sales for processing

a) Production totale, moins les ventes ayant rapport à la transformation

(b) Provincial data

b) Relevé provincial

(c) Partly estimated

c) Estimation partielle

Source: S.C., cat. no. 22-003

Source: S.C., n° 22-003 du cat.

Table 5
Tableau 5Canada: Disposition of Domestic Strawberries, 1956-1970
Canada: Disposition des fraises domestiques, 1956-1970

Year Année	Production Production	Sold for Processing Vendues pour la transformation	Sold as Fresh ^(a) Vendues fraîches	% Sold as Fresh % Vendues fraîches
thousand pounds - milliers de livres				
1956	24,302	12,317	11,985	49.3
1957	21,815	13,146	8,669	39.7
1958	31,602	15,491	16,111	60.1
1959	28,309	14,215	14,094	49.8
1960	33,876	11,385	22,491	66.4
1961	30,112	12,916	17,196	57.1
1962	31,213	13,439	17,774	56.9
1963	30,735	14,343	16,392	53.3
1964	35,990	15,959	20,031	55.7
1965	22,103	6,841	15,262	69.1
1966	41,183	19,475	21,708	52.7
1967	43,881	18,140	25,741	58.7
1968	44,062	18,127	25,936	58.9
1969	35,945	7,697	28,248	78.6
1970	42,647	16,748	25,899	60.7
1971	45,401	..	..	..

thousand dollars - milliers de dollars

1956	4,275	2,294	1,981	46.3
1957	3,776	2,111	1,665	44.1
1958	5,264	2,203	3,061	58.1
1959	4,711	2,190	2,521	53.5
1960	5,734	1,738	3,996	69.7
1961	5,318	2,066	3,252	61.2
1962	5,701	2,177	3,524	61.8
1963	5,612	2,460	3,152	56.2
1964	6,819	2,612	4,207	61.7
1965	5,392	1,460	3,932	72.9
1966	8,809	3,629	5,180	58.8
1967	8,780	2,997	5,783	65.9
1968	9,778	3,405	6,373	65.2
1969	8,239	1,732	6,507	79.0
1970	9,668	3,297	6,371	66.0
1971	..	..	..	..

(a) Production minus sales to processors

a) Production, moins les ventes ayant rapport à la transformation

Source: S.C. Cat. no. 22-003; Canada, Dept. of Agric., Crop and Seasonal Price Summaries

Source: S.C. n° 22-003 du cat.; Canada, Ministère de l'Agriculture, Résumé des récoltes et des prix saisonniers

Table 6
Tableau 6

Canada: Pack of Processed Strawberries, 1960-1971
Canada: Conserves de fraises conditionnées, 1960-1971

	Canned En boîtes	Frozen: in Containers of: Congelées: en contenants de:				In SO ₂ Dans SO ₂
		Over 1 lb. to 30 lbs. De plus de 1 livre jusqu'à 30 livres		Over 30 lbs. Plus de 30 livres		
		1 lb. & Under 1 livre et moins			Total Frozen Total, congelées	
thousand pounds of product - milliers de livres de produit						
1960	3,324	5,781	4,055	2,245	12,081	225
1961	3,257	8,440	3,224	2,052	13,716	657
1962	2,458	7,893	3,824	2,679	14,396	820
1963	2,475	7,545	2,129	2,833	12,507	494
1964	4,234	9,100	4,171	4,685	17,955	..
1965	1,827	4,884	1,683	1,876	8,444	155
1966	3,453	8,855	3,322	6,060	18,237	271
1967	2,797	8,118	4,164	4,544	16,825	92
1968	3,194	8,117	2,623	5,861	16,601	67
1969	2,362	4,194	1,996	3,459	9,649	..
1970	2,884	6,312	4,057	6,290	16,659	..
1971	2,067	7,778	3,940	3,792	15,510	..

Source: S.C. Bulletin no. 6507-720
Source: S.C. n° 6507-720 du bulletin

Canada: Stocks of Processed Strawberries, at June 1, 1960-1971
Canada: Stock de fraises conditionnées, au 1^{er} juin, 1960-1971

Frozen: in Containers of: Congelées: en Conténants de:						
Canned(a) En boîtesa)	1 lb. & Under 1 livre et moins	Over 1 lb - up to 30 lbs		Over 30 lbs. Plus que 30 livres	Total Frozen Total, congelées	In SO ₂ Dans SO ₂
		De plus de 1 livre jusqu'à 30 livres				
thousand pound of product - milliers de livres de produit						
1960	589	1,584		3,655	5,239	1,390
1961	1,418	1,012		4,892	5,904	634
1962	1,235	979		5,333	6,312	1,410
1963	905	1,289		4,055	5,344	941
1964	918	851			4,084	1,649
1965	819	1,647			8,427	1,542
1966	1,863	1,112	1,433	1,800	6,233	1,916
1967	1,161	2,451	2,272	4,508	8,680	2,261
1978	747	1,810	2,630	2,491	6,410	1,346
1979	1,589	2,223	3,199	3,030	7,759	876
1970	2,000(b)	1,189	3,045	1,689	10,494	918
1971	2,698(b)	968	3,847	3,248	8,987	1,399
			6,057	3,444		
			4,575			

(a) Held by canners at July 1
a) Retenues par les conserveries, au 1^{er} juillet
(b) Partly estimated
b) Estimation partielle

Source: S.C. Cat. no. 32-011, 32-217; and Canada Dept. of Agriculture. Crop and Seasonal Price Summaries
Source: S.C. nos 32-011, 32-217 du cat., et Canada, Ministère de l'Agriculture, Résumé des récoltes et des prix saisonniers

Table 8
Tableau 8Canada: Stocks of Processed Strawberries, January 1, June 1, August 1,
1960-1971Canada: Stock de fraises conditionnées, au 1^{er} janvier, 1^{er} juin et 1^{er} août
1960-1971

Year Année	Month Mois	Over 1 lb. up to 30 lb.	De plus de 1 livre jusqu'à 30 livres	Over 30 lbs Plus que 30 livres	Total	In SO ₂ ^(a) or otherwise preserved, Dans SO ₂ ^{a)} ou conservé autrement	mois
		1 lb. and under 1 livre et moins	of product de produit	milliers de livres	de livres	de produit	
1960	Jan. 1	3,071		6,930	10,001	2,384	janv.
	June 1	1,584		3,655	5,239	1,390	juin
	Aug. 1	4,427		11,919	16,346	1,275	août
1961	Jan. 1	3,021		8,703	11,724	1,745	janv.
	June 1	1,012		4,892	5,904	634	juin
	Aug. 1	4,464		13,175	17,639	922	août
1962	Jan. 1	2,596		10,051	12,647	2,706	janv.
	June 1	979		5,333	6,312	1,410	juin
	Aug. 1	5,382		10,928	16,310	1,606	août
1963	Jan. 1	3,786		8,673	12,459	2,409	janv.
	June 1	1,289		4,055	5,344	941	juin
	Aug. 1	5,508		9,166	14,674	1,169	août
1964	Jan. 1	3,569	2,725	3,471	9,765	3,607	janv.
	June 1	851	1,433	1,800	4,084	1,649	juin
	Aug. 1	6,758	5,279	6,204	18,241	1,923	août
1965	Jan. 1	4,994	3,905	5,464	14,363	3,054	janv.
	June 1	1,647	2,272	4,508	8,427	1,542	juin
	Aug. 1	3,858	4,292	4,110	12,260	1,314	août
1966	Jan. 1	2,433	4,105	3,427	9,965	2,768	janv.
	June 1	1,112	2,630	2,491	6,233	1,916	juin
	Aug. 1	7,094	5,688	8,368	21,150	1,782	août
1967	Jan. 1	5,193	4,615	5,542	15,350	2,935	janv.
	June 1	2,451	3,199	3,030	8,680	2,261	juin
	Aug. 1	6,441	5,728	5,180	17,349	1,910	août
1968	Jan. 1	3,919	4,484	3,652	12,055	1,743	janv.
	June 1	1,810	3,045	1,555	6,410	1,346	juin
	Aug. 1	6,909	5,228	5,940	18,077	1,219	août
1969	Jan. 1	5,774	3,602	4,264	13,640	1,312	janv.
	June 1	2,223	3,847	1,689	7,759	876	juin
	Aug. 1	4,721	8,866	6,028	19,615	831	août
1970	Jan. 1	3,426	8,231	3,987	15,644	1,336	janv.
	June 1	1,189	6,057	3,248	10,494	918	juin
	Aug. 1	4,424	10,059	6,681	21,164	628	août
1971	Jan. 1	2,868	7,452	5,518	15,838	1,997	janv.
	June 1	968	4,575	3,444	8,987	1,399	juin
	Aug. 1	4,587	8,188	4,457	17,232	1,544	août
1972	Jan. 1	3,790	5,343	2,261	11,394	2,291	janv.

(a) Excludes canned

a) A l'exclusion des fraises en boîtes de conserve

Source: S.C. cat. no. 32-010 and 32-217

Source: S.C. n^{os} 32-010 et 32-217 du cat.

Imports: Strawberries, Fresh, class 71-78^(a)Importations: Fraises fraîches, classe 71-78^{a)}

Tariff Item:)
) 9211-1
Numéro tarifaire)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
	Importations		Valeur à	Valeur	Droits	Droits en %
	totales		l'unité	imposable	perçus	de la valeur
<u>Année</u>	'000 lb \$'000		¢/lb.	\$'000	\$'000	<u>imposable</u>
	milliers de liv.	milliers de \$	¢/liv.	milliers de \$	milliers de \$	
<u>Total - Total</u>						
1956	15,212	3,126	20.5	3,126	300	9.6
1957	20,249	3,258	16.1	3,258	349	10.7
1958	20,431	3,449	16.9	3,449	344	10.0
1959	19,330	3,676	19.0	3,581	358	10.0
1960	18,263	3,552	19.4	3,323	333	10.0
1961	25,141	4,507	17.9	4,053	416	10.3
1962	21,277	4,164	19.6	3,643	364	10.0
1963	20,394	4,160	20.4	3,708	372	10.0
1964	21,062	4,446	21.1	3,876	387	10.0
1965	15,689	3,614	23.0	3,030	283	9.4
1966	14,920	3,690	24.7	3,165	316	10.0
1967	15,245	3,779	24.8	3,092	308	10.0
1968	17,609	4,154	23.6	3,522	351	10.0
1969	21,525	5,209	24.2	4,376	437	10.0
1970	18,342	4,568	24.9	3,504	336	9.6
1971	19,436	4,672	24.0	3,736	374	10.0

Mexico - Mexique

1956	-	-	-	-	-	-
1957	-	-	-	-	-	-
1958	-	-	-	-	-	-
1959	13	4	26.5	4	*	10.0
1960	6	2	25.5	1	*	10.0
1961	2	*	24.7	-	-	-
1962	-	-	-	-	-	-
1963	26	7	28.3	-	-	-
1964	62	12	19.5	*	*	9.8
1965	171	43	25.4	5	1	10.0
1966	382	104	27.1	1	*	9.9
1967	392	101	25.6	-	-	-
1968	528	137	26.0	-	-	-
1969	932	254	27.3	4	*	10.0
1970	1,408	382	27.1	39	6	17.1
1971	1,185	292	24.6	1	*	10.0

Table 9 (Concl'd)
Tableau 9 (Fin)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	'000 lb.	\$'000	¢/lb.	\$'000	\$'000	
	milliers de liv.	milliers de \$	¢/liv.	milliers de \$	milliers de \$	

United States - Etats-Unis

1956	15,212	3,126	20.5	3,126	300	9.6
1957	20,249	3,258	16.1	3,258	349	10.7
1958	20,431	3,449	16.9	3,449	344	10.0
1959	19,292	3,667	19.0	3,578	358	10.0
1960	18,256	3,550	19.4	3,323	332	10.0
1961	25,139	4,506	17.9	4,053	416	10.3
1962	21,277	4,164	19.6	3,643	364	10.0
1963	20,369	4,152	20.4	3,708	372	10.0
1964	20,999	4,434	21.1	3,876	387	10.0
1965	15,518	3,571	23.0	3,025	283	9.4
1966	14,513	3,578	24.7	3,162	315	10.0
1967	14,843	3,675	24.8	3,092	308	10.0
1968	17,075	4,015	23.5	3,522	351	10.0
1969	20,586	4,953	24.1	4,371	436	10.0
1970	16,933	4,185	24.7	3,497	335	9.6
1971	18,248	4,378	24.0	3,735	374	10.0

Other countries - Autres pays

1956-65	-	-	-	-	-	-
1966	25	7	29.6	2	*	10.0
1967	10	4	37.2	-	-	-
1968	6	2	28.7	-	-	-
1969	7	2	22.5	-	-	-
1970	1	1	71.9	-	-	-
1971	3	2	50.0	-	-	-

(a) Prior to 1964 was class 19, "Strawberries, fresh"

a) Antérieurement à 1964, classe 19 "Fraises, fraîches"

Table 10
Tableau 10Imports: Strawberries, Frozen, class 72-78^(a)Importations: Fraises congelées, classe 72-78^{a)}

Tariff Item)
) 10704-1
Numéro tarifaire)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
	Importations		Valeur à	Valeur	Droits	Droits en %
	totales		l'unité	imposable	perçus	de la valeur
<u>Année</u>	'000 lb.	\$'000	¢/lb.	\$'000	\$'000	<u>imposable</u>
	milliers	milliers	¢/liv.	milliers	milliers	
	de liv.	de \$		de \$	de \$	
<u>Total - Total</u>						
1956	8,045	1,761	21.9	1,761	161	9.1
1957	5,025	994	19.8	994	101	10.2
1958	8,403	1,614	19.2	1,614	168	10.4
1959	8,891	1,663	18.7	1,663	178	10.7
1960	7,714	1,376	17.8	1,376	154	11.2
1961	8,157	1,464	18.0	1,464	163	11.1
1962	8,442	1,522	18.0	1,522	200	13.1
1963	8,227	1,503	18.3	1,503	163	10.8
1964	9,478	1,823	19.2	1,823	188	10.3
1965	18,065	3,647	20.2	3,632	359	9.9
1966	11,791	2,537	21.5	2,537	236	9.3
1967	11,484	2,080	18.1	2,080	230	11.0
1968	10,513	2,058	19.6	2,053	210	10.2
1969	21,183	4,106	19.4	4,098	421	10.3
1970	15,007	2,713	18.1	2,709	299	11.1
1971	12,313	2,070	16.8	2,063	245	11.9

United Kingdom - Royaume-Uni

1956-62	-	-	-	-	-	-
1963	94	25	27.1	25	1	5.5
1964	84	22	26.3	22	1	5.7
1965	42	9	20.7	9	1	7.2
1966-71	-	-	-	-	-	-

Table 10 (Cont'd)
Tableau 10 (Suite)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	'000 lb.	\$'000	¢/lb.	\$'000	\$'000	
	milliers de liv.	milliers de \$	¢/liv.	milliers de \$	milliers de \$	

Netherlands - Pays-Bas

1956	301	51	16.9	51	6	11.9
1957	429	82	19.1	82	9	10.5
1958	502	84	16.6	84	10	12.0
1959	1,593	252	15.8	252	32	12.6
1960	1,383	209	15.1	209	28	13.2
1961	958	143	14.9	143	19	13.4
1962	540	83	15.4	83	12	14.3
1963	392	83	21.1	83	8	9.5
1964	1,118	214	19.1	214	22	10.5
1965	1,029	210	20.4	195	19	9.9
1966	6	1	20.9	1	*	9.6
1967	-	-	-	-	-	-
1968	51	5	10.2	5	1	19.7
1969	55	6	10.8	6	1	18.5
1970	110	9	8.4	9	2	23.9
1971	-	-	-	-	-	-

Poland - Pologne

1956-58	-	-	-	-	-	-
1959	45	6	13.3	6	1	15.0
1960	69	9	12.5	9	1	16.0
1961	287	39	13.5	39	6	14.8
1962	741	104	14.1	104	17	16.5
1963	1,036	170	16.4	170	21	12.1
1964	1,185	195	16.4	195	24	12.2
1965	3,097	542	17.5	542	62	11.4
1966	1,566	291	18.6	291	31	10.8
1967	167	32	19.2	32	3	10.4
1968	1,268	237	18.7	232	25	10.6
1969	633	93	14.7	85	12	13.9
1970	1,571	271	17.3	267	31	11.8
1971	241	42	17.4	42	5	11.9

Bulgaria - Bulgarie

1956-64	-	-	-	-	-	-
1965	149	30	20.1	30	3	9.9
1966	60	12	20.4	12	1	9.8
1967	53	11	20.6	11	1	9.7
1968	65	14	21.1	14	1	9.5
1969	55	11	19.8	11	1	10.1
1970	-	-	-	-	-	-
1971	-	-	-	-	-	-

Table 10 (Cont'd)
Tableau 10 (Suite)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
<u>Année</u>	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
	'000 lb.	'000 \$	¢/lb.	\$'000	\$'000	
	milliers de liv.	milliers de \$	¢/liv.	milliers de \$	milliers de \$	

Roumania - Roumanie

1956-67	-	-	-	-	-	-
1968	4	1	15.3	1	*	13.1
1969-71	-	-	-	-	-	-

Yugoslavia - Yougoslavie

1956-58	-	-	-	-	-	-
1959	18	2	8.7	2	*	23.1
1960-67	-	-	-	-	-	-
1968	22	3	13.5	3	*	12.2
1969	71	13	18.2	13	1	11.0
1970	105	21	20.1	21	2	10.0
1971	-	-	-	-	-	-

Mexico - Mexique

1956	665	114	17.1	114	13	11.7
1957	660	80	12.2	80	13	16.5
1958	1,103	162	14.6	162	22	13.7
1959	1,945	288	14.8	288	39	13.5
1960	3,255	515	15.8	515	65	12.6
1961	3,934	627	16.0	627	79	12.5
1962	4,614	776	16.8	776	111	14.3
1963	4,291	725	16.9	725	85	11.7
1964	6,213	1,169	18.8	1,169	123	10.5
1965	10,956	2,127	19.4	2,127	219	10.3
1966	9,189	1,920	20.9	1,920	184	9.6
1967	10,756	1,918	17.8	1,918	215	11.2
1968	7,867	1,533	19.5	1,533	157	10.3
1969	17,847	3,450	19.3	3,450	355	10.3
1970	11,783	2,100	17.8	2,100	235	11.2
1971	10,794	1,758	16.3	1,753	215	12.3

Table 10 (Concl'd)
Tableau 10 (Fin)

<u>Year</u>	<u>Total imports</u>		<u>Unit value</u>	<u>Dutiable value</u>	<u>Duty collected</u>	<u>Duty as % of dutiable value</u>
	<u>Importations totales</u>		<u>Valeur à l'unité</u>	<u>Valeur imposable</u>	<u>Droits perçus</u>	<u>Droits en % de la valeur imposable</u>
<u>Année</u>	<u>'000 lb.</u>	<u>\$'000</u>	<u>¢/lb.</u>	<u>\$'000</u>	<u>\$'000</u>	
	milliers de liv.	milliers de \$	¢/liv.	milliers de \$	milliers de \$	

United States - Etats-Unis

1956	7,079	1,597	22.6	1,597	142	8.9
1957	3,936	832	21.1	832	79	9.5
1958	6,797	1,369	20.1	1,369	136	9.9
1959	5,289	1,116	21.1	1,116	106	9.5
1960	3,008	643	21.4	643	60	9.3
1961	2,978	655	22.0	655	60	9.1
1962	2,545	558	21.9	558	60	10.7
1963	2,414	501	20.7	501	48	9.5
1964	877	224	25.5	224	18	8.0
1965	2,588	695	26.9	695	52	7.4
1966	969	313	32.3	313	19	6.2
1967	508	119	23.4	119	10	8.5
1968	1,236	266	21.5	266	25	9.4
1969	2,521	533	21.1	533	50	9.5
1970	1,437	311	21.6	311	28	9.1
1971	1,277	270	21.1	268	26	9.8

- (a) Prior to 1964 was class 46; prior to 1961, classes 45 "Strawberries, frozen, in containers of one pound or less" and 46 "Strawberries, frozen, in containers over one pound".
- a) Antérieurement à 1964, classe 46; antérieurement à 1961, classes 45 "Fraises, congelées, en récipients d'une livre ou moins" et 46 "Fraises, congelées, en récipients de plus d'une livre".

Table 11
Tableau 11Imports of Fresh Strawberries, by Region of Entry, 1960-1971
Importations des fraises fraîches, par région, 1960-1971

	<u>British Columbia Colombie Britannique</u>	<u>Prairie Provinces Provinces des Prairies</u>	<u>Ontario</u>	<u>Quebec</u>	<u>Atlantic Provinces Provinces de l'Atlantique</u>	<u>Canada</u>
		'000 pounds	- milliers de livres			
1960	6,400	3,316	4,286	3,983	279	18,263
1961	7,542	4,451	6,167	6,497	484	25,141
1962	5,833	4,056	5,166	5,907	315	21,277
1963	5,184	3,771	5,303	5,756	380	20,394
1964	7,422	3,501	4,994	4,842	303	21,062
1965	4,780	2,479	3,768	4,574	88	15,689
1966	4,027	2,737	3,719	4,201	236	14,920
1967	2,141	3,195	4,497	5,310	103	15,245
1968	2,737	4,006	5,574	5,122	170	17,609
1969	6,161	3,857	6,198	5,168	141	21,525
1970	2,708	4,049	6,055	5,233	297	18,342
1971	2,165	4,532	6,864	5,593	282	19,436

\$'000 - milliers de \$

1960	959	709	940	889	55	3,552
1961	1,074	923	1,187	1,239	85	4,507
1962	932	950	1,038	1,183	61	6,164
1963	837	917	1,148	1,184	75	4,160
1964	1,239	917	1,142	1,079	70	4,446
1965	1,020	682	915	974	23	3,614
1966	863	793	950	1,029	55	3,690
1967	536	832	1,160	1,218	33	3,779
1968	630	995	1,386	1,096	48	4,154
1969	1,367	994	1,617	1,191	40	5,209
1970	656	1,102	1,535	1,216	59	4,568
1971	555	1,158	1,691	1,185	82	4,672

¢ per lb - ¢ la liv.

1960	15.0	21.4	21.9	22.3	19.7	19.4
1961	14.2	20.7	19.2	19.1	17.6	17.9
1962	16.0	23.4	20.1	20.0	19.4	19.6
1963	16.1	24.3	21.6	20.6	19.7	20.4
1964	16.7	26.2	22.9	22.3	23.1	21.1
1965	21.3	27.5	24.3	21.3	26.1	23.0
1966	21.4	29.0	25.5	24.5	23.3	24.7
1967	25.0	26.0	25.8	22.9	32.0	24.8
1968	23.0	24.8	24.9	21.4	28.2	23.6
1969	22.2	25.8	26.1	23.0	28.4	24.2
1970	24.2	27.2	25.4	23.2	19.9	24.9
1971	25.6	25.6	24.6	21.2	29.1	24.0

Source: Statistics Canada, class 71-78; prior to 1964 was class 19.

Source: Statistique Canada, classe 71-78; antérieurement à 1964, classe 19.

Imports of Frozen Strawberries, by Region of Entry, 1960-1971
Importations de fraises congelées, par région, 1960-1971

	<u>British Columbia Colombie Britannique</u>	<u>Prairie Provinces Provinces des Prairies</u>	<u>Ontario</u>	<u>Quebec</u>	<u>Atlantic Provinces Provinces de l'Atlantique</u>	<u>Canada</u>
		'000 pounds	-	milliers de livres		
1960	1,131	171	3,547	2,854	11	7,714
1961	1,124	351	3,466	3,215	-	8,157
1962	703	183	3,424	4,132	-	8,442
1963	629	185	3,876	3,525	12	8,227
1964	536	233	3,915	4,793	-	9,478
1965	5,099	292	4,749	7,925	-	18,065
1966	2,105	127	4,138	5,394	26	11,791
1967	1,300	243	3,427	6,513	-	11,484
1968	657	137	4,183	5,510	26	10,513
1969	7,032	251	5,537	8,363	-	21,183
1970	2,267	287	5,214	6,573	665	15,007
1971	764	161	5,625	5,313	450	12,313

\$'000 - milliers de \$

1960	190	38	637	510	2	1,376
1961	224	62	646	532	-	1,464
1962	139	33	632	718	-	1,522
1963	104	31	745	621	2	1,503
1964	116	45	763	900	-	1,823
1965	1,007	70	1,000	1,570	-	3,647
1966	427	26	925	1,154	5	2,537
1967	238	43	631	1,168	-	2,080
1968	127	28	833	1,065	6	2,058
1969	1,273	51	1,072	1,710	-	4,106
1970	453	44	927	1,184	105	2,713
1971	165	26	940	856	82	2,070

¢ per lb - ¢ la liv.

1960	16.8	22.2	18.0	17.9	18.2	17.8
1961	19.9	17.7	18.6	16.5	-	17.9
1962	19.8	18.0	18.5	17.4	-	18.0
1963	16.5	16.8	19.2	17.6	16.7	18.3
1964	21.6	19.3	19.5	18.8	-	19.2
1965	19.7	24.0	21.1	19.8	-	20.2
1966	20.3	20.5	22.4	21.4	19.2	21.5
1967	18.3	17.7	18.4	17.9	-	18.1
1968	19.3	20.4	19.9	19.3	23.1	19.6
1969	18.1	20.3	19.4	20.4	-	19.4
1970	20.0	15.3	17.8	18.0	15.8	18.1
1971	21.7	16.3	16.7	16.1	18.2	16.8

Source: Statistics Canada, class 72-78; from 1961 to 1963, class 46 and in 1960, classes 45 and 46.

Source: Statistique Canada, classe 72-78; de 1961 à 1963, classe 46 et pour l'année 1960, classes 45 et 46.

Table 13
Tableau 13Exports: Strawberries, Fresh, class 71-78^(a)Exportations: Fraises fraîches, classe 71-78^{a)}

<u>Year</u> <u>Année</u>	<u>Total Exports</u> <u>Exportations totales</u>		<u>Unit Value</u> <u>Valeur à l'unité</u>
	'000 lb en milliers de liv.	\$'000 en milliers de \$	¢/lb. ¢/liv.
	<u>Total - Total</u>		
1956	216	43	19.9
1957	40	10	25.7
1958	64	15	24.2
1959	77	18	23.4
1960	274	42	15.2
1961	177	44	24.9
1962	128	28	21.9
	<u>Bermuda - Bermudes</u>		
1956	1	*	29.0
1957	-	-	-
1958	-	-	-
1959	-	-	-
1960	2	1	30.0
1961	-	-	-
1962	2	1	30.0
	<u>United States - Etats-Unis</u>		
1956	216	43	19.9
1957	40	10	25.6
1958	64	15	24.2
1959	77	18	23.4
1960	272	41	15.1
1961	177	44	24.9
1962	125	27	21.7

(a) Prior to 1961 was class 40; beginning in 1963 included in class 71-89, "Berries, fresh n.e.s."

a) Antérieurement à 1961, classe 40; depuis 1963, comprises dans classe 71-89 "Baies fraîches, n.d.a."

Exports: Berries, Fresh n.e.s., class 71-89^(a)
Exportations: Baies fraîches, n.d.a. classe 71-89^{a)}

<u>Year</u> <u>Année</u>	<u>Total Exports</u> <u>Exportations totales</u>		<u>Unit Value</u> <u>Valeur à l'unité</u>
	'000 lb	\$'000	
	en milliers	en milliers	
	de liv.	de \$	
	<u>Total - Total</u>		
1963	954	170	17.9
1964	1,109	260	23.4
1965	1,117	282	25.2
1966	1,544	433	28.1
1967	1,536	542	35.3
1968	3,196	831	26.0
1969	2,325	668	28.7
1970	3,719	757	20.4
1971	12,306	1,874	15.2
<u>United States - Etats-Unis</u>			
1963	951	170	17.9
1964	1,109	260	23.4
1965	1,114	281	25.2
1966	1,536	430	28.0
1967	1,515	535	35.3
1968	3,190	829	26.0
1969	2,324	668	28.7
1970	3,719	757	20.4
1971	12,266	1,869	15.2

^(a) Beginning in 1967 includes class 71-66 "Cranberries, Fresh"

a) A compter de 1967, comprend classe 71-66 "Canneberges fraîches"

Table 15
Tableau 15

Unloads of Imported and Domestic Fresh Strawberries, by Week (a), 1968-1971

Déchargements de fraises fraîches, importées et domestiques, par semaine^a, 1968-1971

Month	Week	1968		1969		1970		1971		Mois	Semaine
		Imp.	Dom.	Imp.	Dom.	Imp.	Dom.	Imp.	Dom.		

Table 15 (Cont'd)
Tableau 15 (Suite)

<u>Month</u>	<u>Week</u>	<u>1968</u>			<u>1969</u>			<u>1970</u>			<u>1971</u>		
		<u>Imp.</u>	<u>Dom.</u>	<u>Total</u>	<u>Imp.</u>	<u>Dom.</u>	<u>Total</u>	<u>Imp.</u>	<u>Dom.</u>	<u>Total</u>	<u>Imp.</u>	<u>Dom.</u>	<u>Total</u>
							carload - voiturée						
					<u>Prairies(d) - Prairies(d)</u>								
June	1st	12	-	12	-	-	12	9	-	9	11	-	11
	2nd	13	-	13	-	-	11	9	-	9	11	-	11
	3rd	11	-	11	-	-	12	11	-	11	10	-	10
	4th	8	-	8	-	-	11	10	-	10	10	-	10
July	1st	10	2	12	-	-	8	7	2	9	6	-	6
	2nd	8	-	8	-	-	6	6	-	6	7	1	7
	3rd	6	1	7	-	-	5	5	-	5	6	1	6
	4th	4	-	4	-	-	4	6	-	6	6	-	6
	5th	4	-	4	-	-	1	4	-	4	4	-	4
					<u>British Columbia(e) - Colombie Britannique(e)</u>								
June	1st	7	-	7	-	-	5	3	-	3	13	-	13
	2nd	4	1	5	-	-	4	12	-	12	3	-	3
	3rd	2	6	8	.1	-	9	6	4	10	8	-	8
	4th	-	7	7	-	-	2	1	7	8	4	-	4
July	1st	-	3	3	-	-	1	1	4	5	1	7	8
	2nd	-	-	-	-	-	3	-	1	1	1	8	9
	3rd	2	-	2	-	-	1	3	-	3	-	2	2
	4th	1	-	1	-	-	-	1	-	1	-	-	-
	5th	-	-	-	-	-	-	-	-	-	1	-	1

APPENDIX II

SURTAX ORDERS

SURTAX ORDERS

Customs Tariff, Strawberries Surtax Order, P.C. 1971-976, May 21, 1971

Whereas the Minister of Finance reports as follows:

1. That subsection (1a) of section 7 of the Customs Tariff authorizes the Governor in Council, when satisfied that goods of any kind, the growth, produce or manufacture of any country, are being imported into Canada under such conditions as to cause or threaten serious injury to Canadian producers of like or directly competitive products, to order that the goods be made subject to a surtax at such rate as is specified in the Order;

2. That subsection (4) of section 7 of the Customs Tariff authorizes the Governor in Council by Order to suspend the surtax in whole or in part from application to the goods of such foreign country or any class of such goods; and

3. That strawberries are being imported into Canada at such low prices and in such quantities as to threaten serious injury to Canadian strawberry producers.

Therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Finance, pursuant to section 7 of the Custom Tariff, and with the concurrence of the Minister of Agriculture, is pleased hereby to make the following order:

SURTAX ORDER RESPECTING IMPORTED STRAWBERRIES

1. This Order may be cited as the Strawberries Surtax Order.

2. Fresh strawberries in their natural state, the growth or produce of any country other than Canada, when imported into Canada, are subject to a surtax, in addition to the duties otherwise established, equal to the amount by which 19.4 cents per pound exceeds the export price per pound of such strawberries as determined in accordance with section 10 of the Anti-dumping Act.

3. Frozen strawberries, individually quick frozen (IQF), the growth or produce of any country other than Canada, when imported into Canada, are subject to a surtax, in addition to the duties otherwise established, equal to the amount by which 22.5 cents per pound exceeds the export price per pound of such strawberries as determined in accordance with section 10 of the Anti-dumping Act.

4. Frozen strawberries, not individually quick frozen (IQF), the growth or produce of any country other than Canada, when imported into Canada, are subject to a surtax, in addition to the duties otherwise established, equal to the amount by which 18.5 cents per pound exceeds the export price per pound

of such strawberries as determined in accordance with section 10 of the Anti-dumping Act.

5. Strawberries with preservatives, the growth or produce of any country other than Canada, when imported into Canada, are subject to a surtax, in addition to the duties otherwise established, equal to the amount by which 18.5 cents per pound exceeds the export price per pound of such strawberries as determined in accordance with section 10 of the Anti-dumping Act.

6. The surtaxes imposed by sections 2 to 5 do not apply to any strawberries imported into Canada or bona fide in transit to Canada on or before the date of this Order.

SOR/71-229, Canada Gazette Part II, Vol. 105, No. 11, 9/6/71

Customs Tariff, Strawberries Surtax Order, amended, P.C. 1971-1508,
July 20, 1971

His Excellency The Governor General in Council, on the recommendation of the Minister of Finance with the concurrence of the Minister of Agriculture, pursuant to section 8 of the Customs Tariff, is pleased hereby to amend the Strawberries Surtax Order, made by Order in Council P.C. 1971-976 of 21st May, 1971, in accordance with the Schedule hereto, effective July 21, 1971.

SCHEDULE

Section 2 of the Strawberries Surtax Order is revoked.

SOR/71-378, Canada Gazette Part II, Vol. 105, No. 15, 11/8/71

Customs Tariff, Strawberries Surtax Order, revoked, P.C. 1971-1771,
August 18, 1971

His Excellency the Governor General in Council, on the recommendation of the Acting Minister of Finance, and with the concurrence of the Acting Prime Minister for the Minister of Agriculture, pursuant to section 8 of the Customs Tariff, is pleased hereby to revoke the Strawberries Surtax Order made by Order in Council P.C. 1971-976 of 21st May, 1971, as amended

SOR/71-436, Canada Gazette Part II, Vol. 105, No. 17, 8/9/71

APPENDIX III

TARIFF HISTORY

TARIFF HISTORY

Fresh Strawberries

November 30, 1906 - Tariff items 90 and 95

"90 Fruits, viz:- Bananas, plantains, pineapples,
pomegranates, guavas, mangoes, wild blueberries,
wild strawberries and wild raspberries

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	Free	Free"

Effective April 16, 1926, item 90 was amended to exclude bananas.

"95 Blackberries, gooseberries, raspberries, strawberries,
cherries and currants, n.o.p., the weight of the
package to be included in the weight for duty

per pound $1\frac{1}{2}$ cts. 1-3/4 cts. 2 cts."

May 2, 1930 - Tariff item 92(g)

"92 Fruits, fresh, in their natural state, the weight of
the packages to be included in the weight for duty:

(g) Strawberries, raspberries and loganberries

Free 15 p.c. 20 p.c.

"Provided that, when imported under the General Tariff
rate, from June 1 to July 31, inclusive, the duty
shall be not less than three cents per pound."

January 1, 1936 - Canada-United States Trade Agreement

"92 *(g) Strawberries 15 p.c.

"Provided that in respect of the goods dutiable under
Tariff Item 92, no value for duty shall be established
under the authority of Section 43 of the Customs Act
except in the case of the sub-items indicated thus (*),
and in no case shall any value so established exceed
the invoice value by more than 80 per centum of the
lowest advance imposed on like goods under the
authority of said section during the calendar years
1933 to 1935, inclusive."

January 1, 1939 - Canada-United States Trade Agreement

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
"92 *(g) Strawberries		10 p.c.	
(1-3/5 cts. per lb.: 6 weeks)			

"Provided, That, as regards such of those articles dutiable under tariff items ... 92 ... as are marked with an asterisk in this Schedule, Canada reserves the right to fix the value for duty at a figure exceeding the invoice value by not more than the amount set forth in the parentheses following the descriptions of the several articles;

"The values so fixed shall not be maintained in force in any twelve months ending March 31 for a period in excess of the number of weeks set forth in the parentheses following the descriptions of the several articles ... ;

"Provided, further, that Canada reserves the right, after consultation with the United States of America, to substitute, in whole or in part, for the system of protection of these fruits and vegetables by means of advances in values for duty purposes, a system of specific duties which shall not be more burdensome on imports from the United States of America than that provided for in this Agreement."

January 1, 1948 - GATT

"92 *(g) Strawberries			
6 weeks	per pound	1-3/5 cts.	
Otherwise		10 p.c.	

"Provided, that, as regards such of those fresh fruits ... dutiable under tariff items ... 92 ... , as are marked with an asterisk in this Schedule, the specific duty set opposite thereto shall not be maintained in force in any twelve months ending March 31 for a period in excess of the number of weeks set forth thereunder; and

"Provided, ... ; and

"Provided further, as regards such of those fresh fruits ... dutiable under the aforesaid tariff items as are marked with an asterisk, that whenever the specific duty is not levied, the ad valorem duty of 10 per centum shall apply."

June 1, 1950

"92 Fruits, fresh, in their natural state, the weight of the packages to be included in the weight for duty:-

(g) Strawberries

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
per pound	Free	1-3/5 cts. or 10 p.c.	1-3/5 cts. or 10 p.c.

"When the strawberries specified in sub-item (g) of Item 92 are imported under the Most-Favoured-Nation or General Tariff the specific duty of one and three-fifths cents per pound shall not be maintained in force in any twelve months ending March 31 for a period in excess of 6 weeks, and whenever the specific duty of one and three-fifths cents per pound is not levied the ad valorem duty of 10 per centum shall apply."

April 10, 1959 - Tariff item 9211-1, formerly 92(11)

"Fruits, fresh, in their natural state, the weight of the packages to be included in the weight for duty:

9211-1 Strawberries

per pound	Free	Free or 1-3/5 cts. or 10 p.c.	Free or 1-3/5 cts. or 10 p.c.
-----------	------	-------------------------------------	-------------------------------------

"The Free rate shall apply during the months of September, October, November, December, January, February and March.

"During the remaining months in any 12 month period ending 31st March, the specific duty shall not be maintained in force in excess of 6 weeks, and the 10 per cent duty shall apply whenever the specific duty is not in effect."

Frozen Strawberries

November 30, 1906 - Tariff item 96

"96 Cranberries and fruits,
n.o.p. 17½ p.c. 22½ p.c. 25 p.c."

May 2, 1930 - Tariff item 105

"105 Fruit pulp, with sugar or not, n.o.p., and fruits
crushed or frozen

per pound 1½ cts. 2½ cts. 3 cts."

January 1, 1948 - GATT

"105(ii) Fruits, frozen

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
per pound		2 cts."	

June 1, 1950 - Tariff item 105i

"105i Fruits, frozen			
per pound	1½ cts.	2 cts.	3 cts."

April 10, 1959 - Tariff item 10704-1, formerly 107(4)

"Fruits, frozen:

10704-1	N.o.p.	per pound	1½ cts.	2 cts.	3 cts."
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Strawberries Preserved in SO₂

November 30, 1906 - Tariff item 96

"96	Cranberries and fruits,			
	n.o.p.	17½ p.c.	22½ p.c.	25 p.c."

Tariff item 10525-1, formerly 105c and 105e

"Fruits and nuts, pickled or preserved in salt, brine,
oil or any other manner, n.o.p.

105c	May 2, 1930	20 p.c.	32½ p.c.	35 p.c.
	January 1, 1948 (GATT)		25 p.c.	
105e	June 1, 1950	20 p.c.	25 p.c.	35 p.c.
10525-1	January 1, 1968	19½ p.c.	23½ p.c.	35 p.c.
	January 1, 1969	19½ p.c.	22 p.c.	35 p.c.
	June 4, 1969	17½ p.c.	17½ p.c.	35 p.c."



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